

## FRANCHISE DISCLOSURE DOCUMENT



Two Hands America, Inc.  
a California corporation  
3483 Satellite Blvd., Suite 302S  
Duluth, GA 30096  
(501) 247-1974  
[twohandsus.com](http://twohandsus.com)

Two Hands America, Inc., a California corporation, offers franchises for the operation of Two Hands Corn Dogs Outlets that offer unique crispy hot dogs, corn dogs, and beverages, as well as other related products and services for both on-premises and off-premises consumption. The total estimated investment necessary to begin operation of a single-unit Two Hands Corn Dogs Outlet franchise ranges from \$210,500-\$350,000. This includes a \$35,000 initial franchise fee that must be paid to us, the Franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Two Hands America, Inc. at the address and telephone number provided in this page.

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 and thoroughly. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

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

Information about comparisons of franchisors is available. Call the state administrators listed in Exhibit A or your public library for sources of information.

Registration of this franchise with the state does not mean that the state recommends it or has verified the information in this Disclosure Document. If you learn that anything in this Disclosure Document is untrue, contact the Federal Trade Commission and the state administrators listed in Exhibit A.

Date of Issuance: March 29, 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:

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits F and G.
<b>How much will I need to invest?</b>	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
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Two Hands business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be Two Hands Corn Dogs franchisee?</b>	Item 20 or Exhibits E and F list current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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.

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**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 requires you to resolve disputes with us by arbitration only in California. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate with us in California than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligation under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

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### **EXHIBITS**

Exhibit A – State Administrators/Agents for Service of Process  
Exhibit B – State Specific Addendum  
Exhibit C – Franchise Agreement and its exhibits  
Exhibit D – Table of Contents of Confidential Operating Manual  
Exhibit E – List of Current Franchisees  
Exhibit F – List of Franchisees Who Have Left the System  
Exhibit G – Financial Information

RECEIPT

## ITEM 1

### THE FRANCHISOR AND ANY PARENTS PREDECESSORS AND AFFILIATES

#### A. Terms

To simplify the language in this Disclosure Document, “we” or “us” means Two Hands America, Inc., the Franchisor. “You” means the person that buys the franchise. If a corporation, partnership or other entity buys the franchise, “you” refers collectively to all persons who own an interest in the entity. “Two Hands Corn Dogs Outlet” means the Outlet we license you to operate. “Single unit franchise” means the right to own and operate one Two Hands Corn Dogs Outlet.

#### B. Our Business

We are in the business of selling franchises for a corn dog restaurant and/or quick service store under the name of “TWO HANDS,” “TWO HANDS CORN DOGS” and other related trademarks, service marks, logos and commercial symbols (collectively, the “Marks”). A Two Hands Corn Dogs Outlet (“Outlet”) is a retail food services operation offering unique crispy corn dogs accompanied by proprietary sauces and a variety of other related food products, beverages and services (“Menu Items”), including on-premises dining and carry-out services.

If you acquire a Two Hands Corn Dogs Outlet, you must operate your Outlet according to our business formats, methods, procedures, designs, layouts, standards and specifications (the “System”). We refer to this business as the “Franchised Business” in this disclosure document.

You must sign a Franchise Agreement (Exhibit C) to operate a single Two Hands Corn Dogs Outlet at a location that you choose and that we approve. Regular Outlets will generally be in leased spaces of approximately 500-1,000 square feet in a shopping center, shopping mall, or free-standing unit.

Our Menu Items are prepared according to proprietary recipes and procedures and use high quality ingredients, some of which are branded, trademarked, and/or packaged exclusively for our system and our franchise owners.

We are a franchising company which promotes and sells franchises for the operation of Two Hands Corn Dogs Outlets. We have not offered franchises and have not conducted business in any other line of business.

#### C. We, Our Parents Predecessors and Affiliates

We are a California corporation formed on June 5, 2019. Our principal business address is 3483 Satellite Blvd., Suite 302S, Duluth, GA 30096. We do business under our corporate name “Two Hands America” and our brand name “Two Hands Corn Dogs.” We do not do business under any other name. We do not own or operate a business of the type being franchised. We have not offered franchises for any other line of business.

We have several affiliates that own and operate businesses of the type being franchised in Arizona, California, Colorado, Georgia, New York, and Texas. None of these affiliates offer franchises in this or any other line of business or are approved suppliers of any product or service that you must purchase. We also have a couple of affiliates that own and operate businesses unrelated to the type being franchised in this disclosure document and do not provide products or services to our franchisees.

We have no parent or predecessors.

**D. Special Industry Regulation**

You must comply with laws and regulations that apply to businesses generally, and also specifically to Outlets and businesses serving food and beverages. Generally, applicable laws and regulations include tax rules, labor and employment laws, business license requirements, laws on construction of business premises, zoning rules, requirements for parking and access, the Americans with Disabilities Act (ADA), export control laws pertaining to technology, and laws on storage, preparation, packaging, labeling and sale of food to the public.

Federal and state laws affecting businesses generally include smoking restrictions, public posting of notices re: health hazards (e.g., tobacco smoke or other carcinogens), fire safety and emergency preparedness laws, rules on use, storage and disposal of waste, insecticides and other hazardous materials, environmental laws that may impact the operation of Outlets (like laws on recycling and regulating the use of certain types of containers and materials potentially harmful to the environment), and standards regarding sanitation, employee health and safety. Some areas have or are considering proposals to regulate indoor air quality. Many places have laws against smoking inside Outlets. Additionally, California local county health departments inspect Outlets and other retail food facilities to ensure compliance with safe food handling practices and adequacy of kitchen facilities.

You should independently research and review with your own attorney all general laws in evaluating the franchise before you sign any binding documents or make any investments.

**E. Competition and the Market**

The market for restaurants and food services is extremely well established. You will be in competition with a variety of quick-service shops, full-service restaurants and other dining establishments. The restaurant business is highly competitive with respect to concept, price, location, quality and service. The business is often affected by economic and real estate conditions, political conditions, consumer tastes, trends, weather, population changes, the cost and availability of products and qualified labor and traffic patterns. Two Hands Corn Dogs Outlets compete in each market with national and regional restaurant chains and locally-owned restaurants, some of which operate more shops and have longer operating histories than our restaurants. There also is active competition for suitable commercial real estate sites and personnel, including management personnel. We do not believe that the restaurant market is seasonal. You are advised to investigate and research the retail food service market as well as the laws, regulations and ordinances applicable to your franchised business further.

**F. Agent for Service of Process**

Our agent for service of process in this state is listed in Exhibit A.

**ITEM 2**

**BUSINESS EXPERIENCE**

CEO and Director: Donghun Yoo

Mr. Donghun Yoo has been serving as the CEO since the formation of our company in July 2019. Mr. Yoo has also served as the CEO for Link International, LLC, a Georgia limited liability company, in Duluth, Georgia since its formation in April 2014. Mr. Yoo has been serving as the CEO of Link Gaju, Inc. in



Los Angeles, California since November 2018. Mr. Yoo has been serving as the Secretary for BFC Duluth, Inc. in Duluth, Georgia since September 2017.

### **ITEM 3**

#### **LITIGATION**

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**

##### **A. Franchise Fee**

The initial franchisee fee for a single Franchised Business is \$35,000 ("Initial Franchise Fee") payable at the time you sign the Franchise Agreement (see Exhibit C). The Initial Franchise Fee must be paid in a lump sum when you sign the Franchise Agreement and is non-refundable, except as provided herein. The Initial Franchise Fee is payable by all franchisees who buy a Two Hands Corn Dogs franchise. We use the Initial Franchise Fee to cover the costs of evaluating your proposed site, training you and your employees, administrative overhead, enforcement and protection of our Marks and the System, and helping you to develop and open your Two Hands Corn Dogs Outlet.

We may offer to waive the Franchise Fee or reduce it under certain circumstances. We also may offer to waive or reduce the Franchise Fee, for the following reasons: (i) as an inducement for existing franchisees to open additional Outlets, (ii) as an inducement for someone to take over an operating franchised Outlet; (iii) as an inducement for a franchisee to open several Outlets; or (iv) to allow a franchisee to have additional money to spend on store development, improvements and/or marketing during the first 12 months of operation. We will make the decision on the amount of any waiver or reduction on an individual basis depending on the condition of the premises, the need for upgrades and remodeling, the need for special incentives and/or other considerations.

##### **B. Initial Training Expenses**

While there is no separate initial training fee, you must pay to us the expenses incurred by us to travel to and provide the initial training at your Franchised Outlet, including transportation, lodging, meals and other expenses associated with the initial training incurred by us. The initial training program will take place at your Franchised Outlet prior to the opening of your Franchised Outlet. The initial training will require you to have two to four of our representatives determined in our discretion to provide the initial training for approximately 5 to 7 days of onsite training and assistance. We expect the initial training expenses in most cases to be

approximately between \$5,500 and \$8,000 but the actual amount may vary depending on the location, the actual length of the initial training by us, and your skills, experience and business acumen. We may also require you to travel to our corporate headquarters to attend additional courses for the initial training. In such event, you will be responsible for the expenses incurred by you and your employees to travel to our headquarters, including transportation, lodging, meals and other related expenses.

Except as provided above or in this Disclosure Document, we will not refund any part of the Initial Franchise Fee paid under the Franchise Agreement.

## ITEM 6

### OTHER FEES

Type of fee	Amount	Due Date	Remarks
Royalty Fee	5% of Gross Sales	Payable on or before 7th day of each month based on Gross Sales during the prior calendar month.  We require payment by electronic funds transfer ("EFT").	See Note 2 for the definition of Gross Sales.
Marketing Fee	1% of Gross Sales.	Same as Royalty Fee	This fee is due and payable at the same time and in the same manner as Royalty Fee.  We may change at any time at our discretion the amount of the Marketing Fee on 30 days written notice.
Local Advertising	Up to 1% of Gross Sales.	Payable each month.	If instituted, this fee will be payable directly to your local advertising vendors. Any advertising that you propose to use must first be approved by us.  We may change at any time at our discretion the amount of the Local Advertising on 30 days written notice.  Also see Note 3.
Training of Additional	Currently \$100 per hour per instructor,	Before start of training.	You must pay training fees for any additional training

Personnel (More than 4) and Each Replacement Manager	plus travel and lodging expenses; amount is based on current rate and subject to change.		requested by you or training for Replacement Managers.  Also see Note 4.
Renewal Fee	\$20,000	Within 30 days of the date when you give notice of your exercise or renewal option, which must be at least 12 months before expiration of the current term.	You will only need to pay this fee if you renew the Franchise Agreement.
Transfer Review Fee	\$3,000	When you submit your transfer request to us	Franchise Agreement defines what events constitute “transfer” requiring payment of a fee.  This fee is a non-refundable transfer review fee to reimburse us for our legal and accounting fees, credit investigation, and other charges and expenses in connection with such transfer whether or not the transfer is consummated.
Training and Transfer Fee	\$15,000	Upon our approval of your transfer request	Franchise Agreement defines what events constitute “transfer” requiring payment of a fee.  This fee is a non-refundable training and transfer fee to reimburse us for our training expenses, legal and accounting fees, and other charges and expenses in connection with such transfer.
Alternative Supplier Testing Fee	Based on our actual cost	When approval of an alternate supplier is requested by you.	This covers the costs of testing new products or inspecting new suppliers you propose.
Audit	Cost of inspection or audit	On receipt of invoice	You reimburse us for the full cost of the audit if audit discloses understating Outlet Gross Sales by 2% or more.

Late Payment	Late charge equal to 5% of payment due, together with interest at 2% per month (not to exceed highest legal rate)	On receipt of invoice	Interest is payable on entire overdue amount beginning with the date payment is due until payment, late charge and interest is paid in full.  Also see Note 5.
Dishonored Item Fee	\$75 plus reimbursement of charge a financial or other institution imposes on us, for each dishonored or unsuccessful check, ACH debit, electronic funds transfer, credit or wire transfer or other form of payment that in any way is not honored or completed.	On notice following a dishonor or other incompleteness of a payment instrument or debit or other payment procedure	You reimburse the amount we are charged by our financial institution, and you pay us \$75 to compensate our time and administrative attention to the dishonored item.
Re-inspection Fee	\$500 per re-inspection, plus out of pocket expenses	As incurred	If any inspection indicates any deficiency or unsatisfactory condition which requires a re-inspection, you shall pay us, upon demand, the sum of \$500 for each re-inspection of the Franchised Outlet and shall, in addition, reimburse us for out of pocket expenses for the re-inspection, including for transportation costs, food, lodging and similar costs.
Indemnification	Will vary under circumstances	As incurred	You reimburse losses we suffer from the operation of your business
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Awarded to prevailing party if you and we are involved in any legal claim

NOTE 1: All fees are payable to us and are non-refundable. Unless otherwise noted, all fees are uniformly imposed by and payable to us by electronic fund transfer or other automatic payment mechanism we designate. However, we retain discretion to reduce fees in individual cases in our discretion.

NOTE 2: "Gross Sales" means all sales and revenues you make from the operation of your Two Hands Corn Dogs Outlet, including but not limited to, sales from delivery services or third party companies (including without limitation, Uber Eats, Postmates, Eat24, Grubhub and DoorDash), inclusive of any fees charged by third party companies, and the retail value of all food and other merchandise of any kind sold through coupon redemption or otherwise given away for which reduced or no cash is received except sales taxes. Gross Sales also includes any amount received from business insurance proceeds. The Franchise Agreements requires payment by electronic funds transfer ("EFT").

NOTE 3: Although we are not currently requiring Local Advertising Fee, if we initiate this requirement in accordance with this Item 6, we may require you to spend up to a maximum of 1% of your Gross Sales for local advertising. Any increases become effective on at least 30 days written notice.

NOTE 4: We conduct initial training in Duluth, Georgia where our headquarters is currently located or at an alternate location in the United States that we specify from time to time.

NOTE 5: The highest interest rate allowed by law in California is 10% per annum.

## ITEM 7

### ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Made
<b>Initial Franchise Fee (1)</b>	\$35,000	Lump sum	At signing of Franchise Agreement	Franchisor
<b>Real Estate Security/ Deposits and Initial Rent (2)</b>	\$10,000-\$25,000	As arranged	When Incurred	Landlord/ Mortgagee
<b>Construction and Design/Architectural Expenses (3)</b>	\$125,000-\$200,000	As arranged	When Incurred	Suppliers / Approved Architect
<b>Equipment, Furniture and Fixtures (4)</b>	\$17,000-\$26,000	As arranged	When Incurred	Franchisor and Approved Suppliers
<b>Opening Inventory (5)</b>	\$2,000-\$5,000	As arranged	When Incurred	Suppliers and Franchisor
<b>Insurance (6)</b>	\$2,000-\$5,000	As arranged	When Incurred	Insurance Provider
<b>Opening Promotion (7)</b>	\$1,000-\$3,000	As arranged	When Incurred	Suppliers
<b>Cash Registers/Other Office Equipment (8)</b>	\$2,000-\$5,000	As arranged	When Incurred	Suppliers

<b>Initial Training Expenses (9)</b>	\$5,500-\$10,000	As arranged	When Incurred	Franchisor, Employees and Suppliers
<b>Business Licenses, Utility Deposits, Prepaid Fees (10)</b>	\$1,000-\$3,000	As arranged	When Incurred	Government and agencies
<b>Additional Funds – 3 months (11)</b>	\$10,000-\$30,000	As arranged	When Incurred	Employees and Suppliers, etc.
<b>TOTAL BASIC PACKAGE</b>	<b>\$210,500-\$350,000</b>			

1. The Initial Franchise Fee is non-refundable, unless otherwise specified. All other fees are also non-refundable.
2. A Two Hands Corn Dogs Outlet occupies approximately 500 to 1,000 square feet of space. The terms of the lease and the amount of the monthly lease payment and security deposit will likely depend on the geographic location and size and condition of the premises and the demand for the premises by other prospective tenants. These recurring overhead costs cannot be estimated. You will lease space from the owner of the mall or retail center on terms negotiated and decided by you and the owner. The lower figure contemplates a security deposit equal to one month's rent and the higher figure contemplates a security deposit equal to two months.
3. Construction and remodeling costs vary significantly depending on the condition, location, size and configuration of the Outlet premises, the layout of the mall or retail center, and other factors relating to the geographic location of the business, suppliers, government regulations, labor costs and other considerations. To ensure uniformity in interior design across all Two Hands Corn Dogs Outlet locations and to optimize functionality, ergonomics, we require that you only use our approved vendors for architectural and construction services. All signs and design concepts must be in accordance with our standards and specifications and any local governing body.
4. Equipment and fixtures needed to operate your Franchised Business includes (without limitation) fryers, refrigerators, freezers, smallwares, kitchen tools, uniforms, menu boards, tables and chairs. You must purchase the equipment, furnishings and other items from our designated suppliers (which may be us or our affiliates) before your Franchised Business opens. The types of costs are uniform among franchisees, but may vary depending on factors like the size and layout of the Franchised Business and may include shipping and handling costs.
5. This includes food and beverage products, paper products, utensils, cleaning supplies, and printing and other supplies, including without limitation uniforms.
6. You must obtain and maintain certain types and amounts of insurance. Insurance costs depend on policy limits, type of policies, nature and value of physical assets, gross revenue, the number of employees, square footage, location, business contents, and other factors bearing on risk exposure. Each insurance policy must name us and our Affiliates as additional named insureds, will contain a waiver of subrogation rights against us and our Affiliates and any successors and assigns, and must provide for 30 days' prior written notice to us of any material modifications, cancellation, or expiration of the policies. See Item 8 for details.
7. This money covers your opening advertising and promotion. You will spend this amount on your Outlet, including newspaper, direct mail advertising, yellow page listings, and promotional items and, such as promotional flyers.
8. This includes POS system, printer, computer, and other office equipment.
9. You must pay the travel expenses (including transportation, lodging, meal and other expenses associated with the initial training) incurred by us to travel to your Franchised Outlet to provide the initial training, payable upon your receipt of our invoice. The initial training will require you to have two to four of

our representatives determined in our discretion to provide the initial training for approximately 5 to 7 days of onsite training and assistance. You are also responsible for all transportation, lodging, meals, and other expenses associated with the initial training program for you and/or your managers and employees. The cost will depend on the distance you must travel and the type of accommodations you choose.

10. This category includes an estimate of security deposits, utility deposits, telephone services, food service licenses and other prepaid fees that you will be required to pay.

11. We have relied on our experiences in developing and operating the Outlets to compile these estimates. This item estimates your initial start-up expenses (other than the items identified separately in the table). These expenses include payroll costs but not any draw or salary for you. Your costs depend on how much you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition, and the sales level reached during the initial period. We do not provide direct or indirect financing to our franchisees.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **A. Specifications and Operations**

The goal of uniform operations is part of the Two Hands System. To achieve this, our Operations Manuals contain mandatory and recommended specifications pertaining to all aspects of Outlet operations.

We have specifications for all food and beverage products sold at Two Hands Outlets, cooking equipment, food preparation methods, recipes and ingredients. We state all specifications, and we will identify designated suppliers in the Operations Manuals, where applicable. To make sure that the highest degree of quality and service is maintained, you must operate the Outlet in strict conformity with the methods, standards and specifications that we prescribe in the Manuals or otherwise in writing. You must maintain in sufficient supply and use and sell at all times only those food and beverage items, ingredients, toppings, products, materials, supplies and paper goods that meet our standards and specifications. All menu items must be prepared according to the recipes and procedures specified in the Manuals or other written materials. You must not deviate from these standards and specifications by us, use or offer of non-conforming items or use or offer toppings or other items, or different amounts of any items, without obtaining our written consent first. We can, and expect to, modify our standards and specifications as we deem necessary. We will provide you notice in the Manuals or other methods (such as by e-mail) of any changes in the standards and specifications. We may revise the specifications and designated suppliers through written bulletins or supplements to the Operations Manuals at any time.

You must permit us or our agents, at any reasonable time, to remove a reasonable number of samples of food or non-food items from your inventory or from the Franchised Outlet free of charge for testing by us or by an independent laboratory to determine whether the samples meet our then-current standards and specifications. In addition to any other remedies we may have, we may require you to pay for the testing if we have not previously approved the supplier of the item or if the sample fails to conform to our specifications.

After you sign the Franchise Agreement, we will furnish you a list of designated and recommended suppliers. Except for items we identify by designated supplier, you may purchase all goods, services, equipment, supplies, fixtures, furnishings and inventory that we require you to have to operate your Two Hands Corn Dogs Outlet from any supplier we recommend or from any alternative supplier whom you

propose and which we approve in writing following the procedures we specify below.

**B. Obligations to Purchase Items and Services from Designated Suppliers**

You must operate the Outlet according to our System Standards, which regulates, among other things, the types, models and brands of fixtures, furniture, and equipment, which are proprietary in nature and unique to the Outlet (“Proprietary System Assets”), furnishings and signs, and the types, models and brands of equipment (including a required or recommended computer and point of sale information system), fixtures and furniture, which are not specified as Proprietary System Assets (“System Items”), trade secret and proprietary food products (“Trade Secret Food Products”), and certain packaging supplies, paper goods and other product and service items for the preparation and service of Two Hands Corn Dogs products which bear any of the Marks (“Branded Products”), and other non-proprietary food products and supplies required for the Outlet. Proprietary System Assets and Trade Secret Food Products are collectively referred to as “Proprietary Products.”

In the case of Proprietary Products and Branded Products, which include items and materials that utilize our proprietary sauces and recipes and other intellectual property belonging to us or our affiliates and that are packaged under the Marks, suppliers will be limited to us, our affiliates and/or other specified exclusive sources designated by us (collectively “Designated Suppliers”), and you must buy those products and services only from the Designated Suppliers. We restrict your sources of Proprietary Products and Branded Products and related services in order to protect our trade secrets and know-how, assure a reliable supply of products that meet our standards, achieve better terms of purchase and delivery service, control usage of the Marks by third parties, and monitor the manufacture, packaging, processing, and sale of these items. In the case of System Assets items other than Proprietary Products and Branded Products, suppliers could, at our option, be limited to Designated Suppliers or from our list of specified exclusive suppliers, in which you would have to buy such other items only from those sources. We have the absolute right to limit the suppliers with whom you may deal. We will identify all Designated Suppliers and respective products and services in the Operations Manuals or other written communications. In addition to the Proprietary Products and Branded Products, you currently must buy all of your Outlet’s equipment requirements from our Designated Suppliers to maintain the quality of the goods, products and services that Two Hands Corn Dogs Outlets sell to the customers.

The source for almost all of your purchases is restricted in some way. We also negotiate purchase agreements with suppliers for the benefit of our franchisees. We estimate that your purchases from us or Designated Suppliers, or that must conform to our specifications, will represent approximately 60% of your total purchases in establishing the Outlet and approximately 75% to 85% of your total purchases in the continuing operation of the Outlet.

**C. Procedure for Approving Alternate Suppliers**

If we institute any type of restrictive sourcing program (which, as noted above, we will do for Proprietary Products, Branded Products, and the Outlet’s equipment and may do for other items), and you want to use any item or service that we have not yet evaluated or to buy or lease from a supplier that we have not yet approved or designated, you first must send us sufficient information, specifications, and samples so that we can determine whether the item or service complies with System Standards or the supplier meets approved supplier criteria. We may charge you or the supplier a reasonable fee for the evaluation and will notify you of decision to approve or deny the proposed supplier within 30 days after we receive all requested information and complete the required testing. We periodically will establish procedures for your requests and may limit the number of approved items, services, and/or suppliers as we think appropriate.



Supplier approval will depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us and/or our system for the right to do business with our system. Supplier approval may be temporary until we evaluate the supplier in more detail. We may inspect a proposed supplier's facilities during and after the approval process to make sure that the supplier meets our standards. If it does not, we may revoke our approval by notifying the supplier and you in writing. We have no obligation to approve any request for a new supplier, product or service.

**D. Payments and Other Consideration from Approved or Designated Supplies**

We and our affiliates have the right to receive payments or other considerations from our approved suppliers on account of their dealings with you and other franchise owners and to use all amounts that we and our affiliates receive without restrictions (unless we and our affiliates agree otherwise with the supplier) for any purposes we and our affiliates deem appropriate. You will not be entitled to receive any portion of these payments. Presently, there are no such considerations paid to us from any Designated Suppliers of services or products, and we have no revenues derived from such payments or from any sale or lease of any products and services directly to franchisees.

We and our affiliates may also receive revenue from certain third party suppliers we designate or from those we approve as optional suppliers on account of the suppliers transactions with our franchisees or affiliates that own Two Hands Corn Dogs Outlets. We also may receive revenue on account of our direct sales transactions with franchisees.

We and our affiliates may receive rebates from suppliers from whom we or you make purchases for our or your operation of Two Hands Corn Dogs Outlets. We retain these benefits. Likewise, if you receive a rebate directly from a designated, recommended or approved supplier, you may retain it. Our rebate or purchase programs may vary depending on the supplier and the nature of the product or service.

We have the right to collect and retain any and all promotional allowances, rebates, incentive payments or material non-cash benefits ("Allowances") offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliates, on account of transactions with Two Hands Corn Dogs franchisees. We or our affiliates will have all of your right, title, and interest in and to any and all of these Allowances. We or our affiliates may collect and retain any or all of these Allowances without restriction. If we contribute any such Allowances from approved suppliers to the advertising and marketing fund, it does not reduce or eliminate your obligation to pay the Marketing Fee.

We do not provide material benefits to you based on your purchase of particular products or services or use of particular suppliers. No other purchasing arrangements exist at this time. We will notify you of changes we make to our purchasing programs and any new purchasing arrangements that we offer franchisees by written bulletins or supplements to the Operations Manuals. None of our officers currently own an interest in any approved supplier, but may in the future.

JFC International, Inc. ("JFC") and Sysco Corp. ("Sysco") are our Designated Suppliers for the Trade Secret Food Products, certain non-proprietary food items and Branded Products for your Franchised Outlet. We receive rebates of 5% to 37% of JFC and Sysco's sale, depending on the sale item, for sale of the goods to Two Hands Corn Dogs franchisees. PepsiCo ("Pepsi") is our Designated Supplier for certain beverage items from which we receive rebates of \$750 per new outlet and \$2 per gallon or case of beverages. Ecolab Inc. ("Ecolab") is our Designated Supplier for certain non-proprietary cleaning and food safety products from which we receive rebates of \$1,000 per new outlet and 5% of the purchases by our franchisees. During the fiscal year ended December 31, 2022, our total revenue was \$3,095,971 and we received \$781,565 or 25.2%

of our total revenue from required purchases from franchisees as rebates. No other revenue was derived by us or our affiliates from required purchases from franchisees.

**E. Certain Purchases According to Standards and Specifications**

Construction and Opening: You are responsible for developing the Franchised Outlet in compliance with our standards and specifications. To ensure uniformity in interior design across all Two Hands Outlets and to optimize functionality, ergonomics, we require that you only use our approved vendors for architectural and construction services. We have specifications and layouts for a Two Hands Corn Dogs Outlet, including requirements for dimensions, design, color scheme, image, interior layout, décor, fixtures, equipment, signs, and furnishings. Our specifications and layouts are not intended to contain, address or comply with the requirements of any federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act or similar rules governing public accommodations for persons with disabilities. You are obligated, at your expense, to only use our approved vendors to construct your Outlet in accordance with all required construction plans and specifications to suit the shape and dimensions of the accepted site and to ensure that the plans and specifications comply with applicable ordinances, building codes, permit requirements, lease requirements and restrictions, and the mandatory specifications and layout provided by us. Design quality is important to us, and we have the right to review and accept all plans and specifications and to confirm that construction is completed in conformance with our architectural and design standards and specifications for a Two Hands Corn Dogs Outlet. Our review is not designed to assess potential for success or compliance with federal, state, or local laws or regulations and is limited to assessing compliance with our standards and specifications for a Two Hands Corn Dogs Outlet. You may not open the Franchised Outlet to the public until you have received our approval.

Computer Hardware and Software: You are required to purchase or lease the computer system, including among other things, the POS System, cash register(s), hardware, software, and peripheral devices in compliance with our standards and specifications.

Insurance: Before opening your Two Hands Corn Dogs Outlet you must purchase and throughout the term maintain insurance policies meeting our specifications which we provide to you after you sign the Franchise Agreement. At this time, we require at a minimum (i) comprehensive general liability insurance with a limit of Two Million Dollars (\$2,000,000) combined single limit (including broad form contractual liability); (ii) workers compensation insurance as required by law; (iii) general casualty insurance for the full replacement value of the Two Hands Corn Dogs Outlet and its contents; (iv) Builder's All Risk insurance during construction and renovation work; and (v) any additional insurance required by law. We recommend (not require) that you carry employment practices liability insurance with limits not less than \$100,000 per occurrence/aggregate throughout the term of the Franchise Agreement. We may modify our minimum insurance requirements, establish and change deductible limits, and require you to carry additional forms of insurance on reasonable written notice. Premiums depend on the insurance carrier's charges, terms of payment and your history. All insurance policies must name us as additional insured party.

**F. Stopping Sales and/or Deliveries.**

We can stop selling and or delivering any or all goods and/or services to you if any payment is past due more than 14 days. This may impact your operation because our decision to stop selling and/or delivering goods does not excuse you from the obligation to comply with the Franchise Agreement and all aspects of our system, and does not modify our other remedies for your breach and/or failure to comply. Our decision to stop delivering goods or providing services constitutes a constructive termination of your franchise agreement. In such event, we will comply with the termination requirements under the California Franchise Relations Act ("CFRA"), which requires that a franchisee receive written notice of nonpayment and a five-day cure period after such notice before termination. Your franchise agreement provides a minimum of 30 days from the date

of the notice to cure your default (5 days from the date of notice to cure a monetary default).

## ITEM 9

### FRANCHISEE'S OBLIGATIONS

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

<b>Obligation</b>	<b>Article/Section in Franchise Agreement</b>	<b>Item(s) in Disclosure Document</b>
a. Site selection and acquisition/lease	Sections II and VII	6, 7, 11
b. Pre-opening purchases/ leases	Sections II, VII, VIII and IX	7, 8, 11
c. Site development and other pre-opening requirements	Sections II, VII, VIII and IX	7, 8, 11
d. Initial and ongoing training	Sections II, IV, VI and XX	7, 11
e. Opening	Sections II, VI and VII	11
f. Fees	Sections V, VIII, IX, XI and XX	5, 6, 7, 11
g. Compliance with standards and policies/Operating Manuals	Sections IV, VIII, XI and XV	8, 11, 16
h. Trademarks and proprietary information	Sections III, VIII and XI	13, 14
i. Restrictions on products/ services offered	Sections VII	8, 16
j. Warranty and customer service requirements	None	None
k. Territorial development and sales quotas	None	None
l. Ongoing product/service purchases	Section VIII	8, 16
m. Maintenance, appearance and remodeling requirements	Sections VIII and XV	11
n. Insurance	Section XII	7
o. Advertising	Section IX	6, 7, 11

<b>Obligation</b>	<b>Article/Section in Franchise Agreement</b>	<b>Item(s) in Disclosure Document</b>
p. Indemnification	Section XIII	6
q. Owner's participation/management/staffing	Sections VIII and XIX	15
r. Records/reports	Section X	6
s. Inspection/audits	Sections VII and X	6, 11
t. Transfer	Section XX	6, 17
u. Renewal	Section IX	6, 17
v. Post-termination obligations	Section XVIII	17
w. Non-competition covenants	Section XIV	17
x. Dispute resolution	Section XXX	17

## **ITEM 10**

### **FINANCING**

We do not offer direct or indirect financing. We do not guarantee your notes, leases or other obligations.

## **ITEM 11**

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

**Except as disclosed, we need not provide you with any assistance.**

#### **A. Pre-Opening**

1. We will give you our site selection criteria for the Outlet. The site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses, the nature of other businesses in proximity to the site and other commercial characteristics, and the size, appearance and other physical characteristics of the proposed site and must be approved by us. We will accept or deny a location you propose for the Outlet within 30 days after we receive the complete site report and other materials we request. We do not guarantee the success of any site or any lease. We will generally not own or lease the location. You will be responsible for complying with all local ordinances and obtaining any permits required for your Outlet. (Sections 2.1, 2.2, 7.1, and 7.9 of the Franchise Agreement)

2. Our representative will assist you with the purchase of equipment, signs, fixtures and opening inventory and supplies, but we will not install these items. We will assist you in setting up accounts with approved suppliers who are familiar with our specifications and will provide you a copy of such specifications. (Sections 7.1, and 7.2 of the Franchise Agreement)

3. Give you mandatory and suggested specifications and layouts for your Outlet, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings and color scheme. (Sections 7.1 and 7.2 of the Franchise Agreement)

4. Train you and your manager. This training is described in detail below in this Item. (Section 6.1 of the Franchise Agreement)

5. We will loan you a copy of (or provide you electronic access to) our Confidential Operations Manuals, which may consist of one or more manuals (collectively, the “Manuals”), to use during the term of your Franchise Agreement, containing the uniformed standards, specifications and other requirements for operation of your Outlet. Franchisor reserves the right to modify the Confidential Operations Manuals from time to time to reflect changes that it may implement in the mandatory and recommended specifications, standards and operating procedures of the Two Hands Corn Dogs System (Sections 7.3 and 11.1 of the Franchise Agreement)

6. We will provide assistance and guidance on your initial opening of the Outlet, including dispatching of our representative to help with the opening. (Sections 7.3 and 7.4 of the Franchise Agreement)

7. We may as necessary assist you with obtaining the governmental approvals, licenses, permits and other permissions necessary to operate your Outlet. You will ultimately be solely responsible for complying with all applicable laws and obtaining the necessary approvals, licenses, and permits. We do not assist you in hiring employees. (Sections 2.1 and 2.2 of the Franchise Agreement)

## **B. After Opening**

1. We will provide guidance and advice to you regarding operating issues concerning the Outlet disclosed by reports you submit or inspections we make. (Sections 7.5 and 7.6 of the Franchise Agreement)

2. We will give you guidance on standards, specifications and operating procedures and methods used by other Two Hands Corn Dogs Outlets in the System; new recipe items, menu variations, food preparation and display methods; purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies; advertising and marketing programs; employee training; and administrative, bookkeeping and accounting procedures. This guidance will, at our discretion, be furnished in our Operations Manuals, bulletins or other written materials and/or during telephone consultations. (Sections 7.5 and 7.6 of the Franchise Agreement)

3. We will review and approve or disapprove of proposed advertising materials prepared by you for use in local advertising. (Sections 7.10 and 9.4 of the Franchise Agreement)

4. We will inspect and observe the operations of the Outlet from time to time to determine whether you and the Outlet are complying with the Franchise Agreement and all Two Hands Corn Dogs System standards. The details of inspections will be furnished in our Operations Manuals. (Section 7.6 of the Franchise Agreement)

5. Administer the marketing fund in the manner described in the Franchise Agreement. (Sections 7.10 and 9.2 of the Franchise Agreement)

6. We will provide ongoing initial training program, and we will also offer advanced and refresher training for managers. (Sections 6.1 and 6.2 of the Franchise Agreement)

7. We will update periodically the Operations Manuals, as needed, in our sole discretion, to incorporate new developments and changes in the Two Hands Corn Dogs System. We will provide you with a copy of all updates or an access to such updates via inter/intranet. (Sections 7.5 and 11.3 of the Franchise Agreement)

8. In our discretion, at any time, without prior notice, we may delegate performance of our duties to our affiliate operating in your market. These duties may include conducting inspections and providing consultation and advice. (Section 7.6 of the Franchise Agreement)

### **C. Advertising and Marketing Fund**

We reserve the right to establish a Marketing Fund (the “Fund”) for such advertising, marketing and public relations programs as we, in our sole discretion, may deem necessary or appropriate to promote Two Hands Corn Dogs Outlets. We will administer the Fund as follows:

1. We will direct all advertising and public relations programs financed by the Fund, with sole discretion of approval over agencies, spokespersons, creative concepts, materials, and media placements and allocations used in the programs. The Fund will establish and maintain an online presence. The Fund may be used to pay the costs of researching, preparing, maintaining, administering, directing and preparing advertising and promotional materials and programs (including the costs of preparing and conducting digital, television, radio, magazine, newspaper, direct mail, outdoor billboard, and coupon advertising campaigns and other public relations activities; employing advertising agencies; social media initiatives; providing a toll-free number for prospective customers to call for referral purposes; providing promotional brochures and other marketing materials to franchisees in the System; and costs of our personnel and other departmental costs for advertising that we administer or prepare internally). We may use a portion of the amounts collected in the Fund to defray the reasonable administration costs and overhead costs we and/or an affiliate incur in providing and/or administering the Fund and the marketing programs, including, but not limited to, the cost of providing accounting, collection, bookkeeping, reporting and legal services, and salary costs of employees working for the Fund. You must participate in all advertising and public relations programs instituted by the Fund. All Two Hands Corn Dogs Outlets owned by us or our affiliates may, but are not required to, contribute to the Fund. If they do, they may not be required to contribute in the same percentage as you and may stop contributing at any time without notice to you. See Item 6 for the amount you are required to contribute to the Fund.

2. The Fund will be accounted for separately from our other funds. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all Outlet to the Fund in that year, and the Fund may borrow from us or other lenders at standard commercial interest rates to cover deficits of the Fund or cause the Fund to invest any surplus for future use by the Fund. The Fund we collect from franchisees does not constitute a trust and we are not a fiduciary with respect to such amounts. We are not obligated to expend funds for the marketing and advertising programs in excess of the Marketing Fee received from all franchisees. If we spend more than the amount in the Fund in any fiscal year, then we can reimburse ourselves from the Fund during the next fiscal year. If we spend less than the total in the Fund during any fiscal year, we can forward the unused balance to the next fiscal year. During the fiscal year ended December 31, 2022, all of our marketing expenditures were made to a third party marketing agency

which provides comprehensive marketing services, including online and social media marketing and production.

3. You authorize us to collect for remission to the Fund any advertising or promotional monies or credits offered by any supplier based upon your purchases. Any advertising or promotional monies or credits we collect from any supplier based upon your purchases will not be credited toward your required contribution to the Fund.

4. A statement of monies collected and costs incurred by the Fund will be prepared annually by us and will be furnished to you upon written request. We are not required to have the Fund statements audited. We will have the right to cause the Fund to be incorporated or operated through an entity separate from us at such time as we deem appropriate, and such successor entity will have all our rights and duties.

5. The Fund is intended to maximize recognition of the Proprietary Marks and patronage of Two Hands Corn Dogs Outlets generally. Although we will endeavor to utilize the Fund to develop advertising and marketing materials and programs, and to place advertising, in order to benefit all Two Hands Corn Dogs Outlets, we undertake no obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Fund by the Outlets operating in that geographic area or that any Outlet will benefit directly or in proportion to its contribution to the Fund from the development of advertising and marketing materials or the placement of advertising. Your failure to derive any such benefit will not serve as a basis for a reduction or elimination of your obligation to contribute to the Fund. We have no fiduciary obligation to you or any other Two Hands Corn Dogs Outlet in connection with the establishment of the Fund or the collection, control or administration of monies paid into the Fund. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Fund.

6. The Fund may place advertising in any media, including print, radio and television. Advertising may be developed in-house and/or by regional and national advertising agencies. No money will be spent by the Fund to solicit new franchisees.

#### **D. Local Advertising**

1. If we institute this local advertising program, you must spend in your local market up to 1% of your Gross Sales each month for local advertising. We must approve all advertising before you use it. You must send us a monthly report before the end of every month, including an expenditure report, along with copies of invoices, statements, canceled checks or other forms of payment that you issued during the preceding month that evidence your expenditure and payment of 1% of your Gross Sales on local advertising.

2. You may, at your own cost, develop promotional materials and advertising for local use. Before distributing or publishing any advertising or promotional materials you create, you must obtain our written approval of the materials you intend to distribute. As a condition of approval, you must assign your copyright and any trademark or service mark rights in any materials you create to us, without compensation. You must permit us, the Marketing Fund and other Two Hands Corn Dogs franchisees we authorize, to use these materials without compensation.

3. All advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time. You may not use any advertising or promotional materials that we have not approved, have disapproved or that do not include the copyright registration notices and trademark

registration notices we designate.

4. To apply for approval, you must submit a copy or transcript of the proposed materials in the exact form you intend to use them. We have 15 business days to review your request. If you do not receive our written disapproval in 15 business days, the materials are deemed to be approved, unless we request a reasonable extension of time. If you use materials we approve, you must use them in the exact form in which you submitted them to us. You retain discretion over all decisions which concern or affect the prices of goods or services you sell.

5. We reserve the right to require you to include certain language in your local advertising, such as “Franchises Available” and our website address and telephone number.

**E. Advertising Cooperatives/National Advertising Council**

1. We may establish advertising cooperatives comprised of groups of franchisees within regions or areas we designate, and may modify boundaries of these groups in our discretion, effective on written notice. You must participate in any advertising cooperative which encompasses your territory. If we establish an advertising cooperative, we may set the amount (but not to exceed 1.5% of Gross Sales) you and other Two Hands Corn Dogs franchisees must contribute. The members of each cooperative will adopt governing rules and voting procedures and determine procedures for assessing members; however, we may approve these rules and procedures and any amendments. If any of our affiliates owns a Two Hands Corn Dogs Outlet within the boundaries of a cooperative, it will contribute to the cooperative at the lowest percentage contribution rate that any Two Hands Corn Dogs franchisees in the same cooperative then pays and will have the same voting rights as franchisee members.

2. Each cooperative's members and elected officers are responsible for the cooperative's administration. The cooperative must obtain our written approval of the copy and proposed media or method of distribution for advertising and promotion it creates, following the same procedures you must follow for materials you create, as described above. The cooperative must assign to us any copyright, trademark or service mark rights in any materials it creates, without compensation, and permit us and other Two Hands Corn Dogs franchisees which it authorizes to use these materials without compensation.

3. We may require a cooperative to merge with another cooperative servicing an adjacent or proximate area, or to subdivide a cooperative into smaller groupings. We may dissolve a cooperative when we simultaneously dissolve all advertising cooperatives. For example, we may determine it is preferable to centralize all group advertising activities under the Marketing Fund. Advertising cooperatives must prepare quarterly and annual financial statements, which need not be audited, and make them available to all cooperative members and us. We have no present plan to sell goods or services to any advertising cooperative.

4. At this time, there is no advertising council of franchisees that advises us regarding advertising and promotional programs or policies for Two Hands Corn Dogs Outlets generally. We do not currently require franchisees to participate in a local or regional advertising cooperative. No local or regional advertising cooperative exists in our system at this time.

**F. Website/Social Media**

1. We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators (“URLs”) and, if we do, we may design and



provide for the benefit of your Outlet a “click through” subpage at our website for the promotion of your Outlet. If we establish one or more websites or other modes of electronic commerce and if we provide a “click through” subpage at the website(s) for the promotion of your Outlet, you must routinely provide us with updated copy, photographs and news stories about your Outlet suitable for posting. We reserve the right to specify the content, frequency and procedure you must follow for updating your subpage.

2. Any websites or other modes of electronic commerce that we establish or maintain may—in addition to advertising and promoting the products, programs or services available at Two Hands Corn Dogs Outlets—also be devoted in part to offering Two Hands Corn Dogs franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

3. You may not maintain your own website, otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Outlet, establish a link to any website we establish at or from any other website or page, or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates “Two Hands” name or any name confusingly similar to the Proprietary Marks.

4. You are not permitted to promote your Outlet or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, LinkedIn or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Franchised Business’s operation, including prohibitions on your and the Franchised Business’s employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us. “Social media” includes personal blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites like YouTube, and other similar social networking or media sites or tools. We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your “click through” subpage.

#### **G. Confidential Operating Manuals**

Attached as Exhibit D is a copy of the table of contents of our current Operating Manuals, which indicates the number of pages devoted to each topic and subtopics in the Operating Manuals. Currently, the Operating Manuals consist of approximately 52 total pages.

#### **H. Information System/Cash Register/Computer System**

1. You must, at your sole cost, purchase, use, maintain and update your software, computer, electronic cash register, and other point-of-sale (“POS”) systems that process sales transactions, record and track inventories, and manage employees that meet our specifications and requirements. You must also use POS and payment processing service providers designated by us. There are no contractual limitations on the frequency and cost of upgrades and updates to the systems or programs. You must comply with our then-current terms of use policies and any other requirements regarding any inter/intranet sites we establish for Two Hands Corn Dogs Outlets. You must maintain your POS system in good working order at all times, share the login information with us, and upgrade or update the system during the term of the Franchise Agreement, as we require. The POS system will allow us to communicate with you, and poll and review the results of your Franchised Business’ operations, including without limitation, sales data, consumer trends,

food and labor costs, and other financial information. You must provide accurate, complete and full disclosure of the books and accounts and give us direct access to any third parties through which revenue is generated, including but not limited to, Uber Eats, Postmates, Eat24, and Door Dash. We may distribute the collected data on a confidential basis to our network of franchisees. We reserve the right to replace our designated supplier(s) for the POS system as we deem necessary at our discretion.

2. The cost of purchasing the required system is estimated to range between \$2,000-\$5,000. The estimated annual cost of optional or required maintenance, updating, upgrading or support contracts is approximately \$2,400.

3. You must obtain and maintain at your own expense accounting, sales, reporting and records retention systems conforming to the requirements set by us. We reserve the right to use, and to have full access to, all your cash registers, computers and any other systems, their login information, and the information and data they contain. We may charge a reasonable fee for the license, modification, maintenance or support of software or any other goods and/or services that we furnish to you in connection with any of the systems.

4. We may introduce to the Two Hands Corn Dogs System additional computer software and hardware (including POS and additional back office systems) which you must purchase, use, maintain and update at your expense, as specifications and requirements may be modified over time. In some cases, these components may only be available through us or approved vendors. You will be responsible for paying all supplier and/or licensor (which may include us) charges for use, maintenance, support and/or updates to any future required systems. We do not have a contractual obligation under the Franchise Agreement to provide any maintenance, repairs, upgrades, or updates on any software or hardware. There are no contractual limitations on the frequency and cost of upgrades and/or updates to the systems or programs.

5. You will use the computer for basic accounting practices, receiving and responding to emails, submitting monthly reports. We will have access to all data captured by these computers. There is no contractual limitation on our use of the data, although any use by us shall be for reasonable business purposes. Neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades or updates to your System.

6. We do not warrant or have any responsibility for the software or hardware you must obtain. Any warranty you may have on equipment or software will be limited to that provided by the applicable manufacturer or licensor.

#### **I. Site Selection, Opening and Time to Open**

1. It is our standard procedure to have you search, identify and select the site for the Two Hands Corn Dogs Outlet. Our site acceptance is based on residential population, traffic counts and patterns, competing establishments, median income levels, availability of parking, rental and lease terms, physical configuration of the site and growth trends in the area. We must approve any site selected, but our consent will not be unreasonably withheld. If you cannot find a suitable site within 12 months (or eighteen months, if you request and receive an extension) from signing the Franchise Agreement, we can terminate the Franchise Agreement.

2. We estimate that there will be an interval of 3 to 9 months between the execution of the Franchise Agreement and the opening of the Two Hands Corn Dogs Outlet, but the interval may vary based upon such factors as the location and condition of the site, the construction schedule for the Outlet, the extent to which an existing location must be upgraded or remodeled, the delivery schedule for equipment and supplies, delays in securing financing arrangements and completing training and your compliance with

local laws and regulations. You may not open the Outlet for business until: (1) we approve the Outlet as developed according to our specifications and standards; (2) pre-opening training has been completed to our satisfaction; (3) the Initial Franchise Fee and all other amounts then due to us have been paid; and (4) we have been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request. You must open the Two Hands Corn Dogs Outlet for business at least five days after we notify you that the Outlet is ready to open unless there are circumstances beyond your control. We must approve any delay in opening of the Outlet with approval to be reasonable in nature.

## **J. Training**

1. Our new franchisee initial training program consists of approximately one (1) week of instruction by our management team concerning all aspects of the operation and management of the Franchised Business. The initial training includes review and discussion of the Confidential Operations Manuals and all aspects of the operation of your business. The training should be scheduled near the time of the completion of the construction of your Two Hands Corn Dogs Outlet and after hiring your key employees, but at least two weeks prior to the opening of your Outlet. The initial training is offered on an as needed basis but usually scheduled once based on your and our availability. All participants must attend the training together and comply with the schedule set for the training. Actual training schedule may vary depending on the learning speed, experience and individual skillset of the participants.

2. The training will take place at your Franchised Outlet, or at another location or locations as we may designate, and will be conducted by our instructors. We may require that you and/or your designated manager(s) attend such further training programs as we shall from time to time reasonably prescribe and complete the programs to our satisfaction. A person who has successfully completed our new franchisee training program must at all times actively supervise the operation of your Two Hands Corn Dogs Outlet.

3. For all required initial training courses, we will provide, at no charge to you, instructors and training materials. However, you must pay the travel expenses (including transportation, lodging, meal and other expenses associated with the initial training) incurred by us to travel to your Franchised Outlet to provide the initial training, payable upon your receipt of our invoice. The initial training will require you to have two to four of our representatives determined in our discretion to provide the initial training for approximately 5 to 7 days of onsite training and assistance. We may also require you to attend certain courses of the initial training program at our corporate headquarters in Duluth, Georgia, or at other location we designate. You will be responsible for all expenses which you or your employees incur for the purpose of the initial training, including the cost of transportation, lodging, meals and wages. There is a fee for refresher courses, currently rated at \$100 per hour per instructor, plus other expenses incurred including transportation, lodging and meals. The fee will be primarily to compensate the personnel who teach the courses and to defray the expenses of such courses. If you need to replace your Designated Manager, the replacement Designated Manager must attend and complete the supplemental training program to our satisfaction as soon as is practicable. For this training, we charge a Supplemental Training Fee to train replacement Designated Managers, which is currently \$100 per hour per instructor, plus other expenses incurred including transportation, lodging and meals.

4. You are responsible for the recruitment and hiring of *all* of your employees. You are also responsible for the training of all Outlet employees.

5. We will be available to consult with you and/or your Designated Manager by telephone, Monday through Friday 10:00 a.m. to 6:00 p.m. (Eastern Standard Time), with respect to all aspects of starting and operating your Two Hands Corn Dogs Outlet.

6. Listed below is a chart showing our tentative training schedule, the principal instructors, the instructional material you will use, and the location of the initial training:

### INITIAL TRAINING PROGRAM

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Introduction to the System	1	-	Your Franchised Outlet, or our Corporate Headquarters (currently, Duluth, GA) or another location designated by us
Human Resources Management	2	1	Your Franchised Outlet, or our Corporate Headquarters or another location designated by us
Food Preparation	2	9	Your Franchised Outlet, or our Corporate Headquarters or another location designated by us
Menu/Plate Presentation	1	5	Your Franchised Outlet, or our Corporate Headquarters or another location designated by us
Product Ordering –Specifications and Inventory Control	2	2	Your Franchised Outlet, or our Corporate Headquarters or another location designated by us
Equipment Usage and Maintenance	2	3	Your Franchised Outlet, or our Corporate Headquarters or another location designated by us
POS System and Payroll Management	3	2	Your Franchised Outlet, or our Corporate Headquarters or another location designated by us
Marketing and Advertising	1	-	Your Franchised Outlet, or our Corporate Headquarters or another location designated by us
Quality Standards and Outlet Sanitation	2	3	Your Franchised Outlet, or our Corporate Headquarters or another location designated by us
<b>Total</b>	16	24	

7. All aspects of training are integrated. There are no definitive starting and stopping times. The training program will be supervised by our experienced corporate trainer. We can require that you and/or your Manager attend additional and/or refresher training programs, including national and regional conferences, conventions and meetings, as we may reasonably require, to correct, improve and enhance your operations, the System, and its members at our corporate headquarters, with durations not longer than 3 days and not more than 2 times in any given year. You will be responsible for all travel, living,

incidental and other expenses for you and your personnel attending optional or mandatory training programs, seminars or meetings. We may charge a reasonable fee for any training program, conference, convention or other events. Our training is conducted Mr. Dong Geun Yoo, who has been the general manager of our corporate outlet in Lakewood, California since March 2020. Prior to that, from June 2019 to March 2020, Mr. Yoo served as the store manager for Myungrang Hot Dog in Los Angeles, California. From 2016 to 2018, Mr. Yoo served as the sales department manager for Priority Payment Systems in Duluth, Georgia. Additional personnel of Franchisor who have direct experience of at least two years in areas of operation of a Two Hands Corn Dogs Outlet will also assist Mr. Yoo in the training. We will provide training materials, including without limitation, the Confidential Manuals, marketing and promotion materials, and any other materials that we believe will be beneficial to our franchisees in the training process.

## **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 grant you a franchise for a specific location, which we must approve according to site selection procedures described in Items 5 and 11 of this Franchise Disclosure Document. You may not operate your Outlet at any site other than the location specified in the Franchise Agreement. Relocation of your Outlet requires our prior written approval.

The location of your Franchised Business may be changed only with our prior written consent and upon the following conditions: (a) you are in good standing under your Franchise Agreement and current in your financial obligations to us and our affiliates, (b) you are in good standing under the lease for the current location, (c) you provide us with a financial statement covering the previous 12 months, (d) you provide us with a copy of the proposed lease for the new location, (e) you comply with required site selection and construction procedures, (f) the new location is constructed, furnished and equipped in accordance with our then-current design specifications and standards, (g) you give us 90 days' written notice of the proposed relocation, and (h) at our option, you enter into our then-current form of franchise agreement, including our then-current royalty rate, except that the term of the new franchise agreement will expire on the date of the prior Franchise Agreement and no new initial franchise fee will be required.

#### **A. Description of Your Non-Exclusive Territory**

We will present you the proposed boundaries of your non-exclusive territory after we approve your franchise location. Your non-exclusive territory will be a radius around your Two Hands Corn Dogs Outlet, which will vary depending on whether your Outlet is located in an urban, suburban or rural setting. In determining the proposed boundaries, we will consider such factors as the population size, ethnic make-up, persons per household, income level, residential/commercial mix, and population age; traffic patterns, parking, and access issues; neighboring business mix; rent and leasing terms; and size, appearance and other physical characteristics of the premises; and presence of any other nearby Two Hands Corn Dogs Outlets. The specific description of your non-exclusive territory along with the corresponding map showing the clear boundaries of your territory, will then be placed in writing and incorporated into your franchise agreement.

#### **B. Exceptions and Reservations**

The territorial rights we grant you for your Two Hands Corn Dogs Outlet are subject to these exceptions and reservations. We and our affiliates retain all rights with respect to the Two Hands Corn Dogs Outlets, the Proprietary Marks, and any goods and services anywhere, including:

1. Menu items and ingredients under the Marks or other names to independent stores, convenience stores, grocery stores, specialty food stores, and department stores which sell foods, beverages or ingredients in your territory. This means, for example, we may prepare and sell on the third-party's premises freshly-prepared, ready-to-serve or ready-to-eat food and beverage items under the Two Hands name or other names; we may also sell from these locations specialized food and beverage items or ingredients bottled or packaged under the Two Hands label or other labels.
2. Menu items sold at Two Hands Corn Dogs Outlets, or operate (or permit others to operate) Two Hands Corn Dogs Outlets or Outlets under other names which predominantly serve similar menu items at, or in, any airport, rail or bus terminal, stadium, amusement park, event halls, public park, theater, military base, hospital or health care facility, educational facility, high density office location or other mass gathering place even if located, entirely or partially, in your territory.
3. Menu items under the Marks or under other names from mobile Outlets or carts, kiosks, vending machines, or other mobile or stationery devices or vehicles which occupy less than 300 square feet and are in your territory.
4. Advertise and promote the sale of, and sell, menu items sold at Two Hands Corn Dogs Outlets through the Internet or by using any other public computer network, electronic communication method or by mail order, catalog sales or comparable methods that solicit orders and business from customers without requiring the customer's physical presence in a Two Hands Corn Dogs Outlet to complete the transaction.
5. Engage in, or license, any other type of business activity under marks that are different to the Marks, whether, competitive with, similar to or different from the Two Hands Corn Dogs System within or outside of your territory.
6. We may engage or let others engage in the above activities in your territory without paying you any compensation or any other consideration. We do not have to pay you for soliciting or accepting orders from inside your territory for the above activities. We will use reasonable efforts to try and resolve conflicts between franchisees regarding territorial rights. At this time we have no formal grievance procedure.
7. We reserve all other distribution rights that we do not expressly grant to you. By distribution rights, we mean all forms and channels of distribution, regardless of whether we use the method now or adopt it in the future. Channels of distribution include the Internet, catalog sales, telemarketing or other direct marketing sales. Technology may yield new channels of distribution. The kinds of reserved activities which we or our affiliates may engage in within your territory or development territory might include, directly or through one of our affiliates, selling products and services of any kind, including, without limitation, freshly-prepared, ready-to-serve and ready-to-eat food and beverage items under the Marks or other names, through retail and wholesale channels of distribution, including by means of the Internet and mail order catalogs, in addition to sales through independent Outlets, convenience stores, grocery stores, specialty food stores and department stores.
8. We do not restrict advertising and publicity you conduct for your franchised business in your territory. Likewise, we and other franchisees may conduct advertising and publicity of ours and their Two Hands Corn Dogs Outlets in your territory. You and any Two Hands Corn Dogs franchisees are not

permitted to maintain a separate Website and to advertise and promote their Two Hands Corn Dogs Outlet on the Internet or using any other public computer network.

**C. Additional Disclosures re Territory:**

1. The Franchise Agreement lets you engage only in retail transactions of authorized goods and services to customers for their own use and for their own consumption at your Two Hands Corn Dogs Outlet. You may not engage in wholesale sales without our prior written consent. "Wholesale sales" includes the sale or distribution of merchandise or products to a third party for resale, retail sale or other method of distribution. You may not engage in transactions with customers that do not take place on the premises of your Two Hands Corn Dogs Outlet.

2. Unless we consent in writing, you will not have the right to acquire additional franchises within the territory we assign to your Two Hands Corn Dogs Outlet. Your franchise rights are not contingent on achieving any minimum sales level or other sales or market penetration contingency.


3. We and our affiliates have the right but no current plan to operate or franchise other businesses selling or leasing similar products or services under different trademarks.

4. Nothing restricts our right to use and license the use of the Marks and System outside of the Territory.

**ITEM 13**

**TRADEMARKS**

The Franchise Agreement will grant you rights to use the Proprietary Marks in connection with your Franchised Outlet. The following trademark has been registered with the United States Patent and Trademark Office ("USPTO"):

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE
	6302169	March 23, 2021

Your use of the mark identified above as well as other trademarks, service marks, trade names and commercial symbols we may authorize in the future (collectively, the "Marks" or "Proprietary Marks"), and any goodwill is pursuant to a license granted to you under the Franchise Agreement and you retain no further rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of

any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks, including the adoption of new Marks, new products, new equipment or new techniques and you must adopt the changes in the System. You must comply within a reasonable time if we notify you to discontinue or modify your use of any Mark. We will have no liability or obligation as to your modification or discontinuance of any Mark.

There are currently no effective material determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks. All required affidavits and other documents pertaining to the Marks will be filed when necessary to maintain the Marks and all renewals will be filed when necessary to renew the registrations of the Marks.

On May 13, 2022, we and Two Hands IP, LLC, a holding company for the intellectual property rights relating to Two Hands Group, the owner and operator of a group of sit-down restaurants, cafés and coffee shops based in New York and Texas with the name “Two Hands,” entered into a settlement agreement relating a civil action in the United States District Court for the Southern District of New York, entitled *Two Hands IP LLC v. Two Hands America, Inc.*, 1:21-cv-03855. Pursuant to the agreement, we agreed: (i) subject to certain exceptions, not to use the name and mark Two Hands by itself and to use either the above-listed trademark with Registration No. 6302169 or the word marks Two Hands Seoul Corn Dogs or Two Hands Corn Dogs in connection with our goods and services and offering thereof, and (ii) not to alter the above-listed trademark with Registration No. 6302169 to remove the images of the corn dogs or the language “corn dogs.” With the exception of the settlement agreement described above, there are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise.

If we find in our sole discretion that your use of the Marks was proper as outlined in the terms of the Franchise Agreement, we are obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks or participate in your defense or indemnify you for the costs you incur in connection with any administrative or judicial proceedings, except that we will not be required to reimburse you for your legal fees if we defend you for the claim. The Franchise Agreement requires us to indemnify you for all damages for which you are held liable in any proceeding in which your use of any Marks pursuant to and in compliance with the Franchise Agreement is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by you in the defense of any such claim brought against you or in any such proceedings in which you are named as a party, provided that you timely notified us of such claim or proceedings, otherwise complied with the Franchise Agreement, and tendered complete control of the defense to us. We reserve the right to control any litigation related to the Marks, and we have the sole right to decide to pursue or settle any infringement actions related to the Marks. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in the state where your Outlet will be located. You must notify us promptly of any infringement or unauthorized use of the Marks that you may become aware.

You must immediately notify us of any apparent infringement of or challenge to your use of the Marks, or any claim, demand, or suit based upon or arising from the unauthorized use of, or any attempt by any other person, firm, or corporation to use, without authorization, or any infringement of or challenge to, any of the Marks, including the use of, or claims of rights to, a trademark identical or confusingly similar to the Marks. Upon notice, we will undertake the defense or prosecution of any litigation that relates to our use of, or claims of rights to, the Marks and any confusingly similar trademarks. We have the right to control any administrative proceedings or litigation involving the Marks.



If it becomes advisable at any time in our sole discretion, we may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System. We will provide you with directions to discontinue or modify your use of any of the Marks, and you must comply with our directions within a reasonable period of time after receiving notice. We will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Marks or for any expenditures you make to promote a modified or substitute trademark or service mark.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of or our rights in and to the Marks.

The license to use the Marks granted in the Franchise Agreement is non-exclusive to you. We have and retain certain rights in the Marks including the following:

1. To grant other licenses for the use of the Marks in addition to those licenses already granted or to be granted to franchisees;
2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and
3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services, and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose.

## **ITEM 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

A. We do not own any rights in or to any patents. There are no patents or copyrights currently pending or registered that are material to the franchise.

B. We have not registered or filed any copyright applications, but we claim copyrights on certain forms, advertisements, promotional materials, our confidential Operations Manuals, and other written materials. There are no agreements currently in effect which significantly limit your right to use any of our copyrights and there are no currently effective determinations of the United States Patent and Trademark Office, Copyright Office (Library of Congress) or any court pertaining to or affecting any of our copyrights discussed above. As of the date of this disclosure document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights which could materially affect your use of them in this state or in the state in which the Franchised Business will be located. Your and our obligations to protect your rights to use our copyrights are the same as the obligations for Proprietary Marks described in Item 13 of this disclosure document.

C. Our confidential Operations Manuals, other manuals, training material, merchandise and

vendor lists and updates, action plans, and other directives contain material which we consider to be trade secrets. You must operate the Outlet in accordance with the standards and procedures specified in the Operations Manuals. One copy of the Operations Manuals will be loaned to you or given access to you via inter/intranet by us for the term of the Franchise Agreement. We claim trade secret and copyright protection for these manuals and materials although we have not filed any corresponding applications concerning them. You have to follow our direction in protecting the manuals and other trade secret material from unauthorized disclosure. You must use our proprietary materials only as we direct. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to unauthorized person. The Manuals remain our sole property.

D. All of your employees, managers and supervisors must sign a confidentiality agreement in which they promise to keep all of our proprietary information confidential and to follow our directions regarding its use. Your principals also must sign this confidentiality agreement. We will be a third party beneficiary of the confidentiality agreement with the independent right to enforce them.

E. Neither you nor your controlling principals are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Manuals, recipes, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential.

## **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

A. If you are an individual, you must devote full time and attention to supervising all administrative and operational activities of your franchised business at the franchise location. You and your spouse must sign a personal guaranty.

B. If a legal entity owns the franchise rights, like a corporation, partnership or limited liability company, the person who owns a controlling interest in the entity's equity or voting rights, or a general partner, must devote full time and attention to franchise activities. All individual owners of such legal entity and their spouses must sign a personal guaranty. If none of the owners owns a controlling interest in the entity's equity or voting rights, you must designate one of your owners as your "Operating Principal," primarily responsible for the Franchised Business. Your Operating Principal must have and maintain at least 10% ownership of the Franchised Business and have decision-making authority about the Franchised Business. We must approve your Operating Principal, and you must designate a qualified replacement from among your owners if your Operating Principal can no longer fulfill his/her responsibilities under the Franchise Agreement.

C. You must respond to our communications and requests for information within time frames we request.

D. You must staff your Two Hands Corn Dogs Outlet with at least one (1) "Approved Manager." An "Approved Manager is a full-time employee with management responsibilities who has successfully completed the manager training segment of the initial training program and any mandatory

supplemental management classes. You (or the Operating Principal, or the general partner of a partnership) may be an Approved Manager, provided you devote full time and attention to your franchise business. You must hire and train all your employees. You may also send your employees to our training programs. You must require all your employees, managers and supervisors sign a confidentiality agreement in which they promise to keep all of our proprietary information confidential and to follow our directions regarding its use.

## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

A. You must operate your Two Hands Corn Dogs Outlet in accordance with the System Standards (including required products and services). We have the right, without limitation, to change the types of products and services that you are authorized to sell at our sole discretion. You must sell and offer for sale only the menu items and other products and services that we have expressly approved in writing. You must not deviate from our System Standards without first obtaining our written consent.

B. There are no restrictions on the customers to whom you can sell the products at your Two Hands Corn Dogs Outlet. However, you may not use your Outlet for any purposes other than the operation of the Two Hands Corn Dogs Outlet in full compliance with the Franchise Agreement and Manuals, without our prior written approval. You must purchase, use and offer each of and only the types, brands and quality of products and services we designate. The Franchise Agreement allows you to operate one Two Hands Corn Dogs Outlet at the franchise location only, and nowhere else, except with our prior written approval.

C. You must operate your Two Hands Corn Dogs Outlet all days and during the minimum hours we prescribe in the Operations Manuals, unless local conditions, like terms of your lease, require different days/hours or you obtain our prior written consent. Your operations must comply with all laws, including, but not limited to, laws on packaging, labeling, health and sanitation, environmental waste, and the like. You must investigate these laws and ensure compliance.

D. Any variation from our mandatory requirements requires our prior written approval. We grant approval only in exceptional cases in our discretion. Granting an exception to another franchisee does not require us to grant you that *or* any exception.

E. We may add to, modify or discontinue the approved list of menu items, ingredients, preparation processes, or other goods and services you must offer. We communicate changes by written or electronic correspondence, bulletins, memos or revisions to the Operations Manuals. There is no limit on our right to impose these modifications. You will be given reasonable time (at least 30 days) after notice from us to implement changes and stop selling particular items which we delete from the approved list.

F. We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for the Menu Items offered and sold at the Two Hands Corn Dogs Outlet.

## **ITEM 17**

## RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

**This table lists important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this Franchise Disclosure Document.**

<b>Provision</b>	<b>Article in Franchise Agreement</b>	<b>Summary</b>
a. Term of the franchise	IV	5 years
b. Renewal or extension of the term	IV	One additional term of 5 years
c. Requirements for you to renew or extend	IV	Franchisor may extend or grant a new Franchise Agreement if you have been in substantial compliance with agreement. You may have to remodel the Outlet, at your expense. You must sign a Franchise Agreement in effect which may contain materially different terms and conditions than the agreement you signed originally.
d. Termination by you	None	The Franchise Agreement does not provide for this. But you may seek to terminate on any grounds available to you under applicable law.
e. Termination by us without cause	None	
f. Termination by us with cause	XVII	We can terminate only if you commit any one of several listed violations
g. “Cause” defined – defaults which can be cured	XVII	30 days for operations defaults, 5 days for monetary defaults, 24 hours for health code violations.
h. “Cause” defined – defaults which cannot be cured	XVII	Conviction of a felony, abandonment, unapproved transfers, bankruptcy, assignment for benefit of creditors, repeated violations.
i. Your obligations on termination/non-renewal	XVIII	Pay outstanding amounts, de-identification, return of confidential information and telephone numbers (see also below).
j. Assignment of contract by us	XX	No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith judgment is willing and able to assume our obligations under the Franchise Agreement.

<b>Provision</b>	<b>Article in Franchise Agreement</b>	<b>Summary</b>
k. “Transfer” by you – definition	XX	Includes transfer of contract of assets or any ownership change.
l. Our approval of transfer by you	XX	We have the right to approve all transfers, our consent not to be unreasonably withheld.
m. Conditions for our approval of transfer	XX	Transferee qualifies, all amounts due are paid in full, transferee completes training, transfer fee paid, all required documents including a then-current form of the franchise agreement and a transfer agreement containing a general release are executed, and transferee and transferor comply with all of our requirements.
n. Our right of first refusal to acquire your business	XX	We can match any offer.
o. Our option to purchase your business	XX	We can buy the business on termination or non-renewal for the formula price described in Article XX.
p. Your death or disability	XX and XXI	Franchise must be assigned to approved buyer within 12 months or transferred to an heir or representative.
q. Non-competition covenants during the term of the franchise	XIV	Can’t divert business, solicit employment of our or our franchisees’ employees or operate a competing business anywhere (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	XIV	No competing business for two years, within 10 miles of any other Two Hands Corn Dogs Outlet, cannot solicit employment of our or our franchisees’ employees or contact former suppliers, vendors or customers for a competitive business purpose (subject to state law).
s. Modification of the agreement	XXXII	No modifications generally but Operations Manuals subject to change at any time. You must comply with any changes set forth in the Manuals.
t. Integration/ merger clause	XXXII	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.

<b>Provision</b>	<b>Article in Franchise Agreement</b>	<b>Summary</b>
u. Dispute resolution by arbitration or mediation	XXX	Except for certain claims, all disputes must be arbitrated in California (subject to state law).
v. Choice of forum	XXX	Arbitration in California (subject to state law).
w. Choice of law	XXIX	California law applies except with respect to enforcement of the non-competition covenants, which will be interpreted under the laws of the state where your Outlet is located (subject to state law).

1. California Corporations Code Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your franchise agreement.

2. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

3. Please refer to the disclosure addenda and contractual amendments appended to this Disclosure Document for additional terms that may be required under applicable state law.

## **ITEM 18**

### **PUBLIC FIGURES**

We currently do not use any public figure to promote our franchise, but may do so in the future.

## **ITEM 19**

### **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about actual or potential financial performance of its franchised and/or franchiser-owned outlets, if there is a reasonable basis for the information, and 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned, affiliate-owned or franchised Two Hands Corn Dogs Outlets. We do not authorize our employees or representatives to make any such representations either orally or in writing. But if you are purchasing an existing Two Hands Corn Dogs Outlet from us or an affiliate of ours, we may provide you the actual records of that Two Hands Corn Dogs Outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting CEO of Two Hands America, Inc., 3483 Satellite Blvd., Suite 302S, Duluth, GA 30096, (501) 247-1974, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20

### OUTLETS AND FRANCHISEE INFORMATION

**Item 20(1) Table –  
Systemwide Outlet Summary  
For years 2020 to 2022**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
<b>Franchised</b>	<b>2020</b>	<b>0</b>	<b>4</b>	<b>+4</b>
	<b>2021</b>	<b>4</b>	<b>15</b>	<b>+11</b>
	<b>2022</b>	<b>15</b>	<b>40</b>	<b>+25</b>
<b>Company or Affiliate-Owned</b>	<b>2020</b>	<b>1</b>	<b>2</b>	<b>+1</b>
	<b>2021</b>	<b>2</b>	<b>5</b>	<b>+3</b>
	<b>2022</b>	<b>5</b>	<b>5</b>	<b>0</b>
<b>Total Outlets</b>	<b>2020</b>	<b>1</b>	<b>6</b>	<b>+5</b>
	<b>2021</b>	<b>6</b>	<b>20</b>	<b>+14</b>
	<b>2022</b>	<b>20</b>	<b>45</b>	<b>+25</b>

**Item 20(2) Table –  
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)  
For years 2020 to 2022**

State	Year	Number of Transfers
<b>AZ</b>	<b>2020</b>	<b>0</b>
	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>2</b>
<b>Total</b>	<b>2020</b>	<b>0</b>
	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>2</b>

**Item 20(3) Table –  
Status of Franchised Outlets  
For years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlet Opened	Termination	Non-Renewal	Re-acquired by Franchisor	Ceased Operations-Other Reasons	Outlet at the end of the Year
AZ	2020	0	1	0	0	0	0	1
	2021	1	2	0	0	0	0	3
	2022	3	4	0	0	0	0	7
CA	2020	0	2	0	0	0	0	2
	2021	2	4	0	0	0	0	6
	2022	6	11	0	0	0	0	17
MD	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
NJ	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
NV	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
NY	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
TX	2020	0	2	1	0	0	0	1
	2021	1	2	0	0	0	0	3
	2022	3	5	0	0	0	0	8
VA	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Totals	2020	0	5	1	0	0	0	4
	2021	4	11	0	0	0	0	15
	2022	15	25	0	0	0	0	40

**Item 20(4) Table –  
Status of Company or Affiliate Owned Outlets  
For years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at the end of the Year
AZ	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1



<b>CA</b>	<b>2020</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2021</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2022</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>
<b>NY</b>	<b>2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2021</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2022</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Totals</b>	<b>2020</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2021</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
	<b>2022</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>5</b>

**Item 20(5) Table –  
Projected Openings As of Dec. 31, 2022**

<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlet In The Next Fiscal Year</b>	<b>Projected New Company-Owned Outlets In The Next Fiscal Year</b>
<b>AK</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>AR</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>AZ</b>	<b>5</b>	<b>5</b>	<b>0</b>
<b>CA</b>	<b>7</b>	<b>7</b>	<b>0</b>
<b>CO</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>GA</b>	<b>2</b>	<b>1</b>	<b>1</b>
<b>IL</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>KS</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>MI</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>NM</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>NJ</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NV</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NY</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>OR</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>SC</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>TX</b>	<b>6</b>	<b>6</b>	<b>1</b>
<b>UT</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Total</b>	<b>29</b>	<b>28</b>	<b>4</b>

A list of the names of all franchisees and the addresses and telephone numbers of the franchises is provided in Exhibit E to this disclosure document. The name, city, state and current business telephone number (or if unknown, the last known telephone number) of every franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document is listed on Exhibit F to this disclosure document. If you buy Two Hands Corn Dogs franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and former franchisees sign

provisions restricting their ability to speak openly about their experience with Two Hands Corn Dogs franchise. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will communicate with you. During our last 3 fiscal years, we have not signed any confidentiality clauses with current or former franchisees which restrict them from speaking openly with you about their experience with us.

## **ITEM 21**

### **FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit G is our audited financial statement as of December 31, 2020, 2021 and 2022. Our fiscal year end is December 31<sup>st</sup>.

## **ITEM 22**

### **CONTRACTS**

All agreements proposed for use in this State are attached to this Franchise Disclosure Document as follows:

**EXHIBIT C - Franchise Agreement**

## **ITEM 23**

### **RECEIPT**

The last two pages of this Disclosure Document are an acknowledgement of your Receipt of this Disclosure Document form which you must date, sign, and return to us immediately upon your receipt of this Disclosure Document. Please return one copy to us and retain the other for your records.

## **EXHIBIT A**

### **STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

#### **CALIFORNIA**

Department of Financial Protection &  
Innovation  
320 West 4th Street, Suite 750  
Los Angeles, CA 90013  
(213) 576-7500  
Toll Free No.: 1 866 275 2677

Agent: Commissioner of Financial Protection  
& Innovation

#### **HAWAII**

Department of Commerce and Consumer  
Affairs  
Business Registration Division  
Commissioner of Securities  
335 Merchant Street, Room 203  
Honolulu, HI 96813  
(808) 586-2744

Agent: Commissioner of Securities

#### **ILLINOIS**

Franchise Bureau  
Office of Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

Agent: Illinois Attorney General

#### **MARYLAND**

Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2020  
(410) 576-6360

Agent: Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, Maryland 21202-2020

#### **MICHIGAN**

Consumer Protection Division  
Antitrust and Franchise Unit  
Michigan Department of Attorney  
General  
670 Law Building  
Lansing, Michigan 48913  
(517) 373-7177

Agent: Michigan Department of Commerce  
Corporations and Securities Bureau

#### **MINNESOTA**

Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 500  
St. Paul, Minnesota 55101-2198  
(651) 296-4026

Agent: Minnesota Commissioner of  
Commerce

## INDIANA

Franchise Section  
Indiana Securities Division  
Room E-111  
302 West Washington Street  
Indianapolis, Indiana 46204  
(317) 232-6681

Agent: Indiana Secretary of State  
Indiana Securities Division  
201 State House  
Indianapolis, IN 46204

## NEW YORK

Administrator:  
New York State Department of Law  
Investor Protection Bureau  
28 Liberty St. 21st Fl.  
New York, NY 10005  
(212) 416-8222

Agent: New York Secretary of State  
99 Washington Avenue  
Albany, NY 12231

## NORTH DAKOTA

Office of Securities Commissioner  
Fifth Floor  
600 East Boulevard  
Bismarck, North Dakota 58505  
(701) 328-2910

Agent: North Dakota Securities  
Commissioner

## NEBRASKA

Nebraska Department of  
Banking and Finance  
1200 N Street  
P.O. Box 95006  
Lincoln, Nebraska 68509-5006

## SOUTH DAKOTA

Division of Securities  
c/o 118 West Capitol  
Pierre, South Dakota 57501  
(605) 773-4013

Agent: Director of South Dakota Division  
Securities

## TEXAS

Secretary of State  
P.O. Box 12887  
Austin, Texas 78711

## OREGON

Department of Insurance and Finance  
Corporate Securities Section  
Labor and Industries Building  
Salem, Oregon 97310  
(503) 378-4387

Agent: Director of Oregon Department  
of Insurance and Finance

## RHODE ISLAND

Division of Securities  
Suite 232  
233 Richmond Street  
Providence, Rhode Island 02903  
(401) 222-3048

Agent: Director of Rhode Island Department  
of Business Regulation

## WISCONSIN

Securities and Franchise Registration  
Wisconsin Securities Commission  
P.O. Box 1768  
Madison, Wisconsin 53703  
(608) 266-8559

Agent: Wisconsin Commissioner of  
Securities

## VIRGINIA

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

Agent: Clerk of the State Corporation  
Commission

## WASHINGTON

Director  
Department of Financial Institutions  
Securities Division  
150 Israel Road  
Tumwater, WA 98501  
(360) 902-8760

Agent: Securities Administrator, Director of  
Department of Financial Institutions

## **EXHIBIT B**

### **STATE SPECIFIC ADDENDUM**

## **CALIFORNIA**

### **ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

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, AT LEAST 14 DAYS PRIOR TO THE EXECUTION OF AGREEMENT.

The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, California Corporations Code Section 31000 et seq., and the California Franchise Relations Act, California Business and Professions Code Section 20000 et seq. To the extent that this Disclosure Document and/or the Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

Neither the franchisor nor any person identified in Item 2 of this Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling the person from membership in the association or exchange.

California Business and Professions Code §§ 20000 through 20043 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.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

The Franchise Agreement contains a covenant not to compete that continues after the termination of the franchise. This provision may not be enforceable under California law.

Under both the California Franchise Relations Act and the Franchise Investment Law, a provision in a Franchise Agreement that requires you to waive your rights under either or both of these laws is void. Any release of claims that the franchisor asks you to sign will specifically exclude claims under these franchise laws.

Section 31125 of the California Corporations Code requires the franchisor to give the franchisee a special disclosure document before soliciting a proposed material modification of an existing franchise.

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement requires binding arbitration. The arbitration will occur in Los Angeles County, California, and the arbitrators have the discretion to assess the costs of

arbitration, including reasonable arbitrators' and attorneys' fees in proportions as the arbitrators may determine. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) that is disclosed in Item 17, rows q and r and in Article XIV of the Franchise Agreement.

The Franchise Agreement contains a provision requiring you to agree to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, this provision is not enforceable in California for any claims you may have under the California Franchise Investment Law.

The Franchise Agreement contains a provision limiting the statute of limitations to one year. Under California Corporations Code section 31512, this provision is not enforceable in California as California Corporations Code section 31303 provides for a four-year statute of limitations and section 31304 provides for a two-year statute of limitations.

OUR WEBSITE ADDRESS IS [twohandsus.com](http://twohandsus.com). 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](http://WWW.DFPI.CA.GOV).

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF EACH PROPOSED AGREEMENT RELATING TO THE GRANT OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**



## **HAWAII**

The Disclosure Document is amended as follows:

1. THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.
2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR,WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.
3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

## **ILLINOIS**

### **ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the “Act”), the Franchise Disclosure Document is amended as follows:

1. Illinois law governs the agreements between the parties to this franchise.
2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement which designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
3. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
4. Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

## **ILLINOIS**

### **AMENDMENT TO FRANCHISE AGREEMENT**

The Franchise Agreement between Two Hands America, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”), dated \_\_\_\_\_, 20\_\_ (the “Agreement” or “Franchise Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Addendum”):

1. Illinois law governs the agreements between the parties to this franchise.
2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement which designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
3. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
4. Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

FRANCHISEE

FRANCHISOR

By:\_\_\_\_\_

By:\_\_\_\_\_

## **MARYLAND**

### **ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

This will serve as the State Addendum for the State of Maryland for Two Hands America, Inc.'s Franchise Disclosure Document and for its Franchise Agreement.

The amendments to the Franchise Agreement included in this addendum have been agreed to by the parties.

1. In Item 7, the rows for "Initial Franchise Fee" is amended by deleting the words "At signing of Franchise Agreement" under the column "When Due", and inserting the words "When you begin operating your Franchised Business."

2. Item 17 of the Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

5. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

6. The appropriate sections of the Franchise Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. The appropriate sections of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

8. The appropriate sections of the Franchise Agreement are amended to state that the general release required as a condition of renewal, sale and/or assignment/ transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

9. The Franchise Agreement and Franchisee Disclosure Acknowledgment Statement are amended to include the following statement:

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

## **MARYLAND**

### **ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement between Two Hands America, Inc. ("Franchisor") and \_\_\_\_\_ ("Franchisee"), dated \_\_\_\_\_, 20\_\_ (the "Agreement" or "Franchise Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Addendum"):

1. The appropriate sections of the Franchise Agreement are amended to state that the general release required as a condition of renewal, sale and/or assignment/ transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
3. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.
4. The provisions in the Franchise Agreement which provides for termination upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).
5. The appropriate sections of the Franchise Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
6. The appropriate sections of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.
7. The Franchise Agreement is amended to include the following statement:  
  
"All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

FRANCHISEE

FRANCHISOR

By: \_\_\_\_\_

By: \_\_\_\_\_

## **MICHIGAN**

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

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

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

exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- i. The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- ii. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- iii. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- iv. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

H. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (C).

I. A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless a provision has been made for providing the required contractual services.

2. If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00 the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

3. THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL. Any questions regarding this notice should be direct to:

Michigan Department of Attorney General  
Consumer Protection Division  
Attention: Franchise Section  
G. Mennen Williams Building  
525 West Ottawa  
Lansing, MI 48933  
(517) 373-7117



## **MINNESOTA**

### **ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions will supersede and apply:

1. Minnesota Rule 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.
2. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with this franchise.

3. The following is added to Item 6 and Item 17 of the Disclosure Document in Minnesota:

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

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

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Rules 2860.4400(D) which prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J). A court will determine if a bond is required.

The franchisor will comply with Minnesota Statutes, Section 80C.17, Subd. 5 regarding limitation of claims.

4. The following is added to Item 6 of the Disclosure Document in Minnesota:

Dishonored or non-sufficient funds checks are governed by Minnesota Statute § 604.113, which puts a cap of \$30 on service charges.

5. The following is added to Item 13 of the Disclosure Document in Minnesota:

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Minnesota Statute 80C.12 Subd. 1(G). With respect to franchises governed by Minnesota law, the franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

## **MINNESOTA**

### **ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement between Two Hands America, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”), dated \_\_\_\_\_, 20\_\_ (the “Agreement” or “Franchise Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Addendum”):

1. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document, the Agreement or other agreement(s) can abrogate or reduce (i) any of Franchisee’s rights as provided for in Minnesota Statute Section 80C or (ii) Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute Section 80C.14 Subd. 3-5, which require, except in certain specified cases, (i) that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Agreement and (ii) that consent to the transfer of the franchise will not be unreasonably withheld.
3. With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Rules 2860.4400(D) which prohibits Franchisor from requiring Franchisee to assent to a general release.
4. Franchisor cannot require Franchisee to consent to Franchisor obtaining injunctive relief, although Franchisor may seek. See Minnesota Rule 2860.4400(J). A court will determine if a bond is required.
5. Franchisor will comply with Minnesota Statutes, Section 80C.17, Subd. 5 regarding limitation of claims.
6. Notwithstanding anything to the contrary set forth in the Agreement, Franchisor will protect Franchisee’s rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify Franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name pursuant to Minnesota Statute Section 80C.12 Subd. 1(G).
7. Minnesota Rule 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.
8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the

inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with this franchise.

9. Dishonored or non-sufficient funds checks are governed by Minnesota Statute § 604.113, which puts a cap of \$30 on service charges.

FRANCHISEE

FRANCHISOR

By:\_\_\_\_\_

By:\_\_\_\_\_

## **NEW YORK**

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

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

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

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person

from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

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

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

## **RHODE ISLAND**

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

In spite of the provisions of Item 17v and Item 17w of the Disclosure Document, any litigation or arbitration arising under the Franchise Agreement will take place in Rhode Island or other place mutually agreed to by the franchisee and franchisor.

To the extent required by § 19-28.1-14 of the Rhode Island Franchise Investment Act, the Franchise Agreement will be governed by the laws of the State of Rhode Island.

## **VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Two Hands America, Inc.'s use in the Commonwealth of Virginia shall be amended as follows:

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.



## **WASHINGTON**

### **ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall 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 the 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 shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The Washington Department of Financial Institutions has imposed the fee deferral requirement due to our financial condition and required the following amendments:

Item 5 of the franchise disclosure document is hereby amended as follows: The initial fees include the Initial Franchise Fee and other fees and payments you make to us and our affiliates for goods and services before your Outlet opens for business. The said initial fees will be deferred until all of our pre-opening obligations to you have been provided and you are open for business.

In Item 7, the rows for “Initial Franchise Fee” is amended by deleting the words “At signing of Franchise Agreement” under the column “When Due”, and inserting the words “When you begin operating your Franchised Business.”

## **WASHINGTON**

### **ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement between Two Hands America, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”), dated \_\_\_\_\_, 20\_\_ (the “Agreement” or “Franchise Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Addendum”):

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
2. RCW 19.100.180 may supersede the Franchise Agreement in Franchisee’s relationship with Franchisor including the areas of termination and renewal of the franchise. There may also be court decisions which may supersede the Franchise Agreement in Franchisee’s relationship with Franchisor including the areas of termination and renewal of the franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. 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.
5. Transfer fees are collectable to the extent that they reflect Franchisor’s reasonable estimated or actual costs in effecting a transfer.
6. 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.

7. 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.
8. The Washington Department of Financial Institutions has imposed the fee deferral requirement due to our financial condition and required the following amendments:
  - a. The initial fees include the Initial Franchise Fee (Section 5.1 of the Agreement) and other fees and payments Franchisee makes to Franchisor and its affiliates for goods and services before Franchisee's Outlet opens for business.
  - b. The initial fees will be deferred until *all* of Franchisor's pre-opening obligations to Franchisee have been provided and the opening of the Outlet under the Agreement. After all of Franchisor's pre-opening obligations have been provided and Franchisee is open for business, Franchisee must pay the initial fees as provided in the Agreement.

FRANCHISEE

FRANCHISOR

By:\_\_\_\_\_

By:\_\_\_\_\_

**EXHIBIT C**

**TWO HANDS CORN DOGS  
FRANCHISE AGREEMENT**

## **TWO HANDS CORN DOGS OUTLET**

### **FRANCHISE AGREEMENT**

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#### EXHIBITS:

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- “B” - GUARANTEE AGREEMENT
- “C” - CONDITIONAL LEASE ASSIGNMENT PROVISIONS
- “D” - SITE LOCATION ADDENDUM
- “E” - CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
- “F” - TRANSFER OF FRANCHISE TO A CORPORATION
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## **TWO HANDS CORN DOGS OUTLET**

### **FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT**, (“Agreement”) is made and entered into the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between TWO HANDS AMERICA, INC., a California corporation whose principal address is 3483 Satellite Blvd., Suite 302S, Duluth, GA 30096 (“Franchisor”), and \_\_\_\_\_ residing at \_\_\_\_\_ (“Franchisee”).

#### **RECITALS:**

A. Franchisor franchises certain restaurants, known as “Two Hands Corn Dogs”, featuring a specialized menu of crispy corn dogs and related products and services other related food items and products (“Menu Items” or “Products”). Franchisor’s retail restaurants are operated under certain trademarks, service marks, logos and other commercial symbols, including without limitation “Two Hands Corn Dogs” (collectively “Marks”), and pursuant to certain confidential information and trade secrets. Menu Items are prepared according to proprietary recipes and procedures and use fresh and trade secret ingredients, sauces and toppings (“Trade Secret Food Products”). A Two Hands Corn Dogs Outlet (“Outlet”) is approximately 500 to 1,000 square feet in size at a location that you choose and we approve, usually in a shopping center, mall, or freestanding unit. Two Hands Corn Dogs Outlets are operated with uniform formats, distinctive trade dress, décor, color scheme, designs, systems, methods, specifications, standards and procedures, all of which may be improved, further developed or otherwise modified from time to time by Franchisor (“System”).

B. Franchisor grants to persons who meet Franchisor’s qualifications and who are willing to undertake the investment and effort to establish and develop a Two Hands Corn Dogs Outlet, a franchise to own and operate such a restaurant, offering the Products and services approved by Franchisor and utilizing Franchisor’s formats, designs, methods, specifications, standards, operating procedures and the Marks.

C. Franchisee received a copy of Franchisor’s Franchise Disclosure Document (“FDD”), which contains a copy of this Agreement, at least fourteen (14) calendar days before executing this Agreement.

D. Franchisee acknowledges that Franchisee has read this Agreement and the FDD and that Franchisee understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor’s high standards of quality and service and the uniformity of those standards at all Two Hands Corn Dogs Outlets in order to protect and preserve the goodwill of the Marks.

E. Franchisee: (i) acknowledges that Franchisee has conducted an independent investigation of the business contemplated by this Agreement; (ii) recognizes that, like any other business, the nature of the business conducted by Two Hands Corn Dogs Outlets may evolve and change over time; (iii) acknowledges that an investment in a Two Hands Corn Dogs Outlet involves business risks; and (iv) recognizes that the success of the venture is largely dependent upon the business abilities and efforts of Franchisee.

F. Franchisor expressly disclaims the making of, and Franchisee acknowledges that Franchisee has not received, any warranty or guaranty, express or implied, as to the revenues, profits or



success of the business venture contemplated by this Agreement. Franchisee: (i) acknowledges that Franchisee has not received any representations about the franchise by Franchisor, or its officers, directors, employees or agents, that are contrary to the statements made in Franchisor's FDD or to the terms and conditions contained in this Agreement; and (ii) represents to Franchisor, as an inducement to Franchisor to enter into this Agreement, that Franchisee has made no misrepresentations in obtaining the franchise.

G. Franchisee has applied for a franchise to own and operate a single Two Hands Corn Dogs Outlet at the premises identified in Article I below, and the application has been approved by Franchisor in reliance on all of the representations made in the application.

In consideration of the above recitals and the mutual promises and covenants made in this Agreement, Franchisor and Franchisee agree as follows:

## **ARTICLE I**

### **GRANT OF FRANCHISE AND TERRITORY**

1.1 Subject to the terms and conditions contained in this Agreement, Franchisor grants to Franchisee the right to own and operate a Two Hands Corn Dogs Outlet of the type specified on Exhibit "A" at, and only at, the premises approved by Franchisor in accordance with the provisions of this Agreement (the "Outlet"), and to use the Marks in the operation of the Outlet.

1.2 Unless an approved location has been selected by Franchisee at the time this Agreement is executed, Franchisee shall select the location of the Outlet, subject to Franchisor's approval, within the timeframe as provided in this Agreement.

1.3 The franchise location and territory set forth in Exhibit "A" may not be altered or changed by Franchisee without Franchisor's prior written approval. In the event there is such an approval, the new franchise location shall become the "Franchise Location" under the terms of this Agreement.

#### **Territory:**

1.4 Franchisee shall have a territory that will be outlined in Exhibit "A" ("Territory"). The specific boundaries of Territory along with the corresponding map shall be determined by Franchisor and placed in writing and incorporated into this Agreement. In determining the boundary of your territory, Franchisor will consider such factors as the population size, ethnic make-up, persons per household, income level, residential/commercial mix, and population age; traffic patterns, parking, and access issues; neighboring business mix; rent and leasing terms; and size, appearance and other physical characteristics of the premises; and presence of any other nearby Two Hands Corn Dogs Outlets.

1.5 As long as Franchisee is not in default under this Agreement, Franchisor shall not operate, or grant others the right to operate, a Two Hands Corn Dogs Outlet in the Territory. However, nothing in or elsewhere in this Agreement prohibits Franchisor from engaging in the following activities inside and outside of the Territory:

A. Selling or permitting others to sell any menu items sold at Two Hands Corn Dogs Outlet, or pre-packaged items used to prepare any food items sold at Two Hands Corn Dogs Outlets, under the Marks or other names, to restaurants, cafés, convenience stores, grocery stores, specialty food stores, and department stores selling food item located within the Territory.

B. Selling or permitting others to sell any menu items sold at Two Hands Corn Dogs Outlet, or operating (or granting others the right to operate) a Two Hands Corn Dogs Outlet, which is located at, or within, any airport, rail or bus terminal, stadium, amusement park, public park, theater, military base, hospital or health care facility, educational facility, high density office location or other mass gathering place entirely or partially in the Territory.

C. Selling or permitting others to sell any menu items sold at Two Hands Corn Dogs Outlet, or pre-packaged items used to prepare any food items sold at Two Hands Corn Dogs Outlets, under the Marks or other names from mobile units or carts, kiosks, vending machines, or other mobile or stationery devices or vehicles which occupy less than 300 feet and are in the Territory.

D. Advertising and promoting the sale of, and selling, menu items sold at Two Hands Corn Dogs Outlets through the Internet or by using any other public computer network electronic communication method, or by mail order, catalog sales or comparable methods that solicit orders and business from customers situated in the Territory without requiring the customer's physical presence in a Two Hands Corn Dogs Outlet to complete the transaction.

1.6 Franchisee acknowledges that Franchisor, entities related to Franchisor through common ownership, and each of their officers, directors, employees and agents, may engage in any and every activity, within or outside of the Territory, which is not expressly prohibited by this Agreement. This Agreement does not limit Franchisor's right to (a) use or license the Marks or the System outside of the Territory, or (b) engage in, or license, any other type of business activity under marks that are different to the Marks, whether similar to or different from the Two Hands Corn Dogs System in the Territory.

1.7 Franchisee acknowledges and agrees that Franchisee has no right to participate, directly or indirectly, in any activity reserved by Franchisor, and that Franchisee has no right to object to any activity reserved by Franchisor.

1.8 Franchisor, in its sole discretion, reserves the right to approve exceptions or deviations from the System. Franchisee acknowledges it has no right to object to variances granted to others and to claim against Franchisor for failing to enforce standards of the System against other Two Hands Corn Dogs franchisees.

1.9 Franchisee shall have no right to grant subfranchises to others. Franchisee shall not, and shall not attempt to, grant subfranchises to others.

1.10 Franchisor, in its sole discretion, reserves the right to convert any Satellite Unit granted to Franchisee into a full Two Hands Corn Dogs franchise location, and will further have the right to grant the franchise to operate at such location to any party as it determines in its sole discretion. In the event a Satellite Unit operated by Franchisee is converted to a full Two Hands Corn Dogs franchise location and Franchisee is granted the franchise to operate such unit, Franchisee shall enter into a new and separate franchise agreement in the then-current form used by Franchisor, and pay the then-current initial franchise fee.

## **ARTICLE II**

### **DEVELOPMENT AND OPENING OF THE OUTLET AND TERRITORY**

#### **Lease/Selection of Outlet Premises**

2.1 Franchisor shall have the right, in its sole discretion, to require:

A. Franchisee to execute a Site Location Addendum in the form attached as Exhibit “D” to this Agreement;

B. Franchisee to conditionally assign such lease to Franchisor (with the consent of the lessor, if required) by conditional lease assignment provisions in the form attached as Exhibit “C” to this Agreement in order to secure performance of any and all of Franchisee’s liabilities and obligations to Franchisor; or

C. That such lease contain substantially the following provisions:

1. “Anything contained in this lease to the contrary notwithstanding, Lessor agrees that without its consent, this lease and the right, title and interest of the Lessee hereunder may be assigned by the Lessee to Two Hands America, Inc., or its designee.”

2. “Lessee agrees that Lessor may, upon the written request of Two Hands America, Inc., disclose to Two Hands America, Inc. all reports, information or data in Lessor’s possession respecting sales made in, upon or from the leased premises.”

3. “Lessor shall give written notice to Two Hands America, Inc. (concurrently with the giving of such notice to Lessee) of any default by Lessee under the lease, and Company shall have the right, in its sole discretion, to cure any such default. Such notice shall be sent to Two Hands America, Inc. at its headquarters, or such other address as Two Hands America, Inc. may from time to time specify in writing to Lessor.”

2.2 Franchisor shall have the right to approve the terms of any sublease or lease for the premises of the Outlet. If Franchisor cures any default by Franchisee under such lease, the total amount of all costs and payments incurred by Franchisor in effecting such cure shall be immediately due and owing by Franchisee to Franchisor.

2.3 Franchisee’s execution of a lease or sublease for the location for Franchisee’s Outlet shall constitute acceptance by Franchisee of such location and site and the terms of such lease and shall constitute a waiver of any claim or rights against Franchisor relating to Franchisee’s choice of such site and location, and of the terms of such sublease or lease.

### **Development of Outlet**

2.4 Franchisor will furnish to Franchisee, as reference only, prototype or proto-style plans and specifications for a prototypical Two Hands Corn Dogs Outlet. Franchisee acknowledges that these plans will outline Franchisor’s current requirements for dimensions, exterior design, interior design and layout, image, building materials, fixtures, equipment, furniture, signs and décor, and that they are not suitable by themselves for construction. Franchisee further acknowledges that actual construction documents and plans will be produced once Franchisee retains the services of Franchisor-approved architect and general contractor. Before commencing any renovation or construction, Franchisee shall employ the architect designated by Franchisor to prepare preliminary and final architectural drawings and specifications for the Franchised Business in accordance with Franchisor’s standard architectural plans and specifications.

2.5 Within one hundred eighty (180) days after obtaining possession of the premises of the Outlet and having been furnished with the above-described plans and specifications, Franchisee will do or cause to be done the following:

A. Secure all financing required to fully develop the Outlet;

B. Prepare, at Franchisee's expense, and submit to Franchisor for approval (which approval may be granted or withheld at Franchisor's sole discretion) any proposed modifications to Franchisor's prototype or proto-style plans and specifications, which may be modified only to the extent necessary to comply with applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions, all such modifications being subject to prior notification to, and approval by, Franchisor;

C. Obtain all required building, utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses;

D. Construct all required improvements to the premises, purchase and install all required fixtures and equipment and decorate the premises in strict compliance with plans and specifications approved by Franchisor; and

E. Purchase, in accordance with Franchisor's specifications and requirements, an opening inventory of proprietary food items, Products, ingredients and other products and supplies required for the opening of the Outlet.

2.6. Franchisee shall use Franchisee's best efforts to complete development and have the Outlet ready to open within two hundred forty (240) days after Franchisee obtains possession of the premises. All activities, including without limitation, (1) obtaining bids and concluding a contract with a general contractor or contractors designated or pre-approved by Franchisor for the construction of the Outlet; (2) obtaining bids and concluding orders for the signs, fixtures, furnishings, equipment and operating supplies and materials; (3) making all decisions concerning the construction, furnishing, equipping and staffing of the Outlet; (4) maintaining a current and complete accounting of the costs of development of the Outlet; and (5) supervising the construction, furnishing, equipping and staffing of the Outlet, shall be performed by Franchisee in the time frames necessary to complete the development of the Outlet on schedule. All final decisions concerning the development of the Outlet which are discretionary and not dictated by Franchisor's written specifications shall be made by Franchisee. Within a reasonable time after the completion of development, a final accounting of all costs of development of the Outlet, along with copies of all contracts, lien waivers, other paid receipts and equipment warranties, shall be provided by Franchisee to Franchisor when requested.

2.7 Within a reasonable time after the date of completion of construction or remodeling, Franchisor may, at its option, conduct an inspection of the completed Outlet. Franchisee acknowledges and agrees that Franchisee will not open the Outlet for business without Franchisor's written authorization and that authorization to open shall be conditioned upon Franchisee's strict compliance with this Agreement and Franchisee's written certification to Franchisor that the Outlet has been constructed in compliance with the Americans with Disabilities Act.

### **Fixtures, Equipment, Furniture and Signs**

2.8 Franchisee will use, in the construction and operation of the Outlet, only those brands, types or models of construction and decorating materials, fixtures, equipment, furniture and signs that Franchisor has approved for Outlets as meeting its specifications and standards for quality, design, appearance, function and performance. Franchisee further agrees to place or display at the premises of the Outlet only such signs, emblems, lettering, logos and display materials that are from time to time approved in writing by Franchisor. Franchisee shall purchase approved types or models of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier approved or designated by

Franchisor (which may include Franchisor and/or its affiliates). If Franchisee proposes to purchase any type or model of construction or decorating material, fixture, equipment, furniture or sign not then approved by Franchisor, and/or any such item from any supplier which is not then approved by Franchisor, Franchisee shall first notify Franchisor in writing and shall submit to Franchisor sufficient specifications, photographs, drawings and/or other information or samples for a determination by Franchisor of whether such brand or type of construction or decorating material, fixture, equipment, furniture or sign complies with its specifications and standards. Franchisor may, in its sole discretion, refuse to approve any such item(s), modification(s) and/or supplier(s) that does not meet Franchisor's standards or specifications.

### **Outlet Opening**

2.9 Franchisee will not open the Outlet for business until:

A. Franchisor determines that the Outlet has been constructed and equipped in accordance with approved plans and specifications;

B. Franchisee and Franchisee's manager(s) have completed training to Franchisor's reasonable satisfaction;

C. The Initial Franchise Fee and all other amounts due to Franchisor under this Agreement and any other related agreements to which Franchisee is a party have been paid;

D. Franchisor has been furnished with copies of all insurance policies required by Article XII of this Agreement, or such other evidence of insurance coverage as Franchisor requests; and

E. Franchisee has completed all preparations for the opening of the Outlet, as reasonably determined by Franchisor.

2.10 Franchisee will use its best efforts to have the Outlet ready to open for business within eight (8) months after the date Franchisee's lease or sublease is executed. Final approval by Franchisor of the opening of the Outlet shall be given in writing and shall be in Franchisor's reasonable discretion. Franchisee will open the Outlet for business within ten (10) days after receipt of such written notice from Franchisor.

### **Relocation of Outlet**

2.11 To protect the Two Hands Corn Dogs System, the Marks and the goodwill associated with the same, Franchisee may not relocate the Franchised Business without Franchisor's prior written consent. Any such relocation shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for costs and expenses incurred by Franchisor in connection with any relocation. If Franchisor consents to a relocation, Franchisee shall de-identify the former location in the manner described below in Section 2.12 and shall reimburse and indemnify and hold Franchisor harmless from any direct and indirect losses, costs and expenses including attorneys' fees, arising out of Franchisee's failure to do so. If Franchisor consents to a relocation of the Franchised Business during the Term, Franchisee shall have twelve (12) months from the date of Franchisor's approval of the new location to secure the new location and to open and operate the Franchised Business at the new location.

2.12 If Franchisee's lease or sublease for the premises of the Outlet terminates without fault of Franchisee, or if the premises are damaged, condemned or otherwise unusable, or if in the reasonable judgment of Franchisor and Franchisee there is a change in the character of the location of the Outlet sufficiently detrimental to its business potential to warrant its relocation, Franchisor shall grant permission

to Franchisee for relocation of the Outlet to a location approved by Franchisor. Any such relocation shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for costs and expenses incurred by Franchisor in connection with any relocation.

2.13 Notwithstanding anything to the contrary in this Agreement, the Franchise Location may be changed only with Franchisor's prior written consent and upon Franchisee's satisfaction of the following conditions: (a) Franchisee is in good standing under this Agreement and current in Franchisee's financial obligations to Franchisor and its affiliates, (b) Franchisee is in good standing under the lease for the current location, (c) Franchisee provides Franchisor with a financial statement covering the previous 12 months, (d) Franchisee provides Franchisor with a copy of the proposed lease for the new location, (e) Franchisee complies with required site selection and construction procedures set forth in this Agreement, (f) the new location is constructed, furnished and equipped in accordance with Franchisor's then-current design specifications and standards, (g) Franchisee gives Franchisor 90 days' written notice of the proposed relocation, and (h) at Franchisor's option, Franchisee enters into Franchisor's then-current form of franchise agreement, including Franchisor's then-current royalty rate, except that the term of the new franchise agreement will expire on the date of this Agreement and no new initial franchise fee will be required.

2.14 In the event of a relocation of the Outlet, Franchisee shall promptly remove from the first Outlet premises, and discontinue using for any purposes, any and all signs, fixtures, furniture, posters, furnishings, equipment, menus, advertising materials, stationery supplies, forms and other articles which display any of the Marks or any distinctive features or designs associated with Two Hands Corn Dogs Outlets. Furthermore, Franchisee shall, at Franchisee's expense, immediately make such changes, modifications or alterations as may be necessary to distinguish the first location clearly from its former appearance and from other Two Hands Corn Dogs Outlets and to prevent any possibility of confusion of the first location with a Two Hands Corn Dogs Outlet by the public (including, without limitation, removal of all distinctive physical and structural features identifying Two Hands Corn Dogs Outlets and removal of all distinctive signs and emblems). Franchisee shall, at Franchisee's expense, make such specific additional changes as Franchisor may reasonably request for this purpose. If Franchisee fails to initiate immediately or complete such alterations within such period of time as Franchisor deems appropriate, Franchisee agrees that Franchisor or its designated agents may enter the premises of the first location and adjacent areas at any time to make such alterations, at Franchisee's sole risk and expense, without responsibility for any actual or consequential damages to the property of Franchisee or others, and without liability for trespass or other tort or criminal act. Franchisee expressly acknowledges that Franchisee's failure to make such alterations will cause irreparable injury to Franchisor, and consents to entry, at Franchisee's expense, of an ex-parte order by a court of competent jurisdiction authorizing Franchisor or its agents to take such action, if Franchisor seeks such an order. Compliance with the foregoing shall be a condition subsequent to Franchisor's approval of any relocation request by Franchisee, and in the event complete de-identification of the first Outlet premises is not promptly and completely undertaken, Franchisor may then revoke its permission for relocation and declare a default under this Agreement pursuant to Article XVII below.

### **ARTICLE III** **PROPRIETARY MARKS AND GOODWILL**

3.1 When used in this Agreement, "Marks" mean the trademarks and service marks which are used to identify Two Hands Corn Dogs Outlets and to distinguish it from that of any other business, and the trademarks, service marks, trade names, logos and commercial symbols as may be designated by Franchisor from time to time for use in connection with the System.

3.2 Franchisee is authorized to use the Marks, goodwill and trade secrets in the operation of the Outlet only at the location specified in Article I. Nothing in this Agreement shall be construed as authorizing or permitting their use at any other location or for any other purpose except as may be authorized in writing by Franchisor. Franchisee understands and agrees that the limited license to use the Marks granted hereby applies only to such proprietary marks as are designated by Franchisor, and which are not subsequently designated by Franchisor as being withdrawn from use, together with those which may hereafter be designated by Franchisor in writing. Franchisee expressly understands and agrees that Franchisee will not represent in any manner that Franchisee has acquired any ownership or equitable rights in any of Franchisor's Marks by virtue of the limited license granted hereunder, or by virtue of Franchisee's use of any of the Marks.

3.3 Franchisee acknowledges that Franchisor is the sole and exclusive licensee of all of the Marks, goodwill and trade secrets, and that Franchisee shall not register or attempt to register the Marks or to assert any rights in them other than as specifically granted in this Agreement.

3.4 At Franchisor's request, Franchisee shall assign, transfer or convey to Franchisor, in writing, all additional rights, if any, that may be acquired by Franchisee as a result of Franchisee's use of Marks.

3.5 Franchisee shall only use the Marks, logos, trade styles, color combinations, designs, signs, symbols and slogans of Franchisor, and only in the manner and to the extent specifically permitted by this Agreement or in any manuals, directives or memos (collectively referred to below as "Confidential Operations Manuals") prepared by Franchisor. Franchisee shall not use any confusingly similar Marks in connection with its franchise or any other business in which it has an interest.

3.6 Franchisor reserves the right to approve all signs, memos, stationery, business cards, advertising material forms and all other objects and supplies using Franchisor's Marks. All advertising, publicity, point of sale materials, signs, decorations, furnishings, equipment, or other materials using the Marks shall comply with this Agreement and the Confidential Operations Manuals, and Franchisee shall obtain Franchisor's approval prior to such use.

3.7 Franchisor reserves the right to (i) modify or discontinue licensing any of the Marks, (ii) add new names, marks, designs, logos or commercial symbols to the Marks and require that Franchisee use them and (iii) require that Franchisee introduce or observe new practices as part of the System in operating the Franchised Business. If at any time, Franchisor in its sole discretion, decides to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, then Franchisee shall comply with any such instruction by Franchisor no later than thirty (30) days after notification thereof. In such event and at Franchisor's direction, Franchisee shall adopt, use and display only such new or modified Marks, and shall promptly discontinue the use and display of outmoded or superseded marks, at Franchisee's expense. Franchisee waives any claim arising from or relating to any proprietary mark change, modification or substitution. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any proprietary mark addition, modification, substitution or discontinuation. Franchisee will not commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

3.8 Upon the expiration, termination or non-renewal of this Agreement, Franchisee shall immediately cease using Franchisor's Marks, color combinations, designs, symbols or slogans; and Franchisee shall execute such documents and take such action as Franchisor may deem necessary or appropriate to evidence this fact. After the effective date of expiration, termination or non-renewal, Franchisee shall not represent or imply that Franchisee is associated with Franchisor. To this end, Franchisee irrevocably appoints Franchisor or its nominee to be Franchisee's attorney-in-fact to execute,

on Franchisee's behalf, any document or perform any legal act necessary to protect Franchisor's Marks from unauthorized use. Franchisee acknowledges and agrees that the unauthorized use of Franchisor's Marks will result in irreparable harm to Franchisor, for which Franchisor may obtain injunctive relief, monetary damages, reasonable attorneys' fees and costs.

3.9 Franchisee shall immediately notify Franchisor of any apparent infringement of or challenge to Franchisee's use of the Marks, or any claim, demand, or suit based upon or arising from the unauthorized use of, or any attempt by any other person, firm, or corporation to use, without authorization, or any infringement of or challenge to, any of Franchisor's Marks. Franchisee will immediately notify Franchisor of any other claim, demand or litigation instituted by any person, firm, corporation or governmental entity against Franchisor or Franchisee.

3.10 Franchisor shall undertake the defense or prosecution of any litigation concerning Franchisee that relates to any of Franchisor's Marks or that, in Franchisor's judgment, may affect the goodwill of the System; and Franchisor may, in such circumstances, undertake any other action which it deems appropriate; provided, however, Franchisor shall only be obligated to participate in such defense of Franchisee if Franchisor determines, in its sole discretion, that Franchisee's use of the Marks is proper in accordance with the terms of this Agreement. Franchisor shall have sole and complete discretion in the conduct of any defense, prosecution or other action it chooses to undertake. Franchisee shall execute those documents and perform those acts, which in the opinion of Franchisor, are necessary for the defense or prosecution of the litigation or for such other action as Franchisor may undertake.

3.11 In order to develop and maintain high uniform standards of quality and service and to protect the reputation and goodwill of Franchisor, Franchisee will do business and advertise using only the Marks designated by Franchisor. Franchisee shall not do business or advertise using any other name. Franchisee is not authorized to, and shall not, use the name "Two Hands" or "Two Hands Corn Dogs" by itself, as a part of the legal name of any corporation, partnership, proprietorship or other business entity to which Franchisee is associated, or with a bank account, trade account or in any legal or financial connection.

3.12 In order to preserve the validity and integrity of Franchisor's Marks, and to assure that Franchisee is properly employing them in the operation of Franchisee's business, Franchisor and its agents shall have the right at all reasonable times to inspect Franchisee's business, financial books and records, and operations. Franchisee shall cooperate with and assist Franchisor's representative in such inspection.

3.13 Franchisee shall be required to affix the ™ or ® symbol upon all advertising, publicity, signs, decorations, furnishings, equipment or other printed or graphic material employing the words "Two Hands Corn Dogs" or any other of Franchisor's Marks, whether presently existing or developed in the future.

3.14 Franchisee acknowledges that it does not have any right to deny the use of Franchisor's Marks to any other franchisees. Franchisee shall execute all documents and take such action as Franchisor may request to allow Franchisor or other franchisees to have full use of the Marks.

3.15 If, during the term of this Agreement, there is a claim of prior use of any of Franchisor's Marks in the area in which Franchisee is doing business, Franchisee, at Franchisor's discretion, shall use Franchisor's Marks in such a way to avoid a continuing conflict.

3.16 If Franchisor determines, in its sole discretion, that Franchisee's use of the Marks is proper in accordance with the terms of this Agreement, Franchisor will indemnify Franchisee against, and reimburse Franchisee for, all damages for which Franchisee is held liable in any proceeding in which Franchisee's use of any Mark pursuant to and in compliance with this Agreement is held to constitute



trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by Franchisee in the defense of any such claim brought against Franchisee or in any such proceedings in which he is named as a party, provided that Franchisee has timely notified Franchisor of such claim or proceedings, has otherwise complied with this Agreement, and has tendered complete control of the defense of such to Franchisor. If Franchisor defends such claim, Franchisor shall have no obligation to indemnify or reimburse Franchisee with respect to any fees or disbursements of any attorney retained by Franchisee.

3.17 During the term of this Agreement and any renewal or extension hereof, Franchisee shall identify itself as the owner of the Outlet in conjunction with any use of the Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, contracts with all third parties or entities, as well as the display of such notices in such content and form at such conspicuous locations as Franchisor may designate in writing.

3.18 If it becomes advisable at any time in Franchisor's sole discretion, Franchisor may require Franchisee, at Franchisee's expense, to discontinue or modify Franchisee's use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if Franchisor determines that an addition or substitution will benefit the System. Franchisee shall comply with Franchisor's directions within a reasonable period of time after receiving such notice. Franchisor will not be obligated to reimburse Franchisee for any loss of revenue attributable to any modified or discontinued Marks or for any expenditures you make to promote a modified or substitute trademark or service mark.

#### **ARTICLE IV** **TERM AND RENEWAL**

4.1 Except as otherwise provided in this Agreement, the initial term of this franchise (the "Initial Term") shall be for five (5) years from the date of execution of this Agreement.

4.2 Subject to the conditions specified in Section 4.3 below, Franchisee shall have the right to renew this Agreement for a period of five (5) years from the date of the expiration of the Initial Term.

4.3 Franchisee's right of renewal pursuant to Section 4.2 above shall be subject to the following conditions precedent:

A. Neither this Agreement nor the lease or sublease agreement shall have been terminated for any reason, and the lease or sublease is renewable;

B. Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, any sublease agreement, or any other agreement between Franchisor or any subsidiary and/or affiliated corporation, and Franchisee has substantially complied with all of the terms and conditions of such agreements during their terms;

C. Franchisee shall have served notice of its intention to exercise its right of renewal not less than twelve (12) months nor more than eighteen (18) months prior to the expiration of the Initial Term;

D. Franchisee shall have effected the improvements to Franchisee's Outlet and its operations required by Franchisor pursuant to Section 4.4 below;

E. Franchisee has satisfied all monetary obligations due and owing to Franchisor, any subsidiary of Franchisor and/or any affiliated corporations of Franchisor, and Franchisee has timely met these obligations throughout the term of this Agreement and any other agreement in effect between Franchisor and Franchisee, and any renewals thereof;

F. Franchisee shall execute, upon renewal, Franchisor's then-current form of Franchise Agreement, which agreement shall supersede this Agreement in all respects and terms, and which may differ from the terms of this Agreement, including, without limitation, a higher royalty fee and higher advertising contribution;

G. Franchisee shall execute a general release, in a form prescribed by Franchisor, on any and all claims against Franchisor, any subsidiary of Franchisor and/or affiliated corporation of Franchisor, and their respective officers, directors, agents and employees;

H. Franchisee shall comply with Franchisor's then-current reasonable qualification and training requirements; and

I. Franchisee shall remit to Franchisor a renewal fee equal to Twenty Thousand Dollars (\$20,000.00).

4.4 Within three (3) months of the receipt of a notice from Franchisee pursuant to Section 4.3 hereof, Franchisor shall complete a report specifying the modifications and improvements and repairs, if any, required by Franchisor and which Franchisee must make to Franchisee's Outlet which must be in conformity with the then existing standards, and specifications pertaining to Franchisee's Outlet.

4.5 Franchisor expressly reserves the right to deny Franchisee's request for an extension or a grant of a new Franchise Agreement in the event that Franchisee abandons Franchisee's Outlet and Franchisee ceases to operate and maintain Franchisee's Outlet in accordance with the terms of this Agreement.

4.6 In the event Franchisee shall continue to operate Franchisee's Outlet following the expiration, termination or non-renewal of this Agreement for any reason, with the express or implied consent of Franchisor, such continuation shall be construed to be an extension of the term of this Agreement only from month-to-month, terminable by either party on no more than thirty (30) days' notice to the other party and otherwise in accordance with all of the provisions of this Agreement.

## **ARTICLE V**

### **INITIAL AND CONTINUING FEES PAYABLE TO FRANCHISOR**

5.1 In consideration of the execution of this Agreement and Franchisor's granting to Franchisee the franchise covered hereby, Franchisee agrees to pay to Franchisor an Initial Franchise Fee of Thirty Five Thousand Dollars (\$35,000.00) (the "Initial Franchise Fee"), payable upon the execution of this Agreement, which sum shall be deemed fully earned by Franchisor upon receipt thereof and is non-refundable, except as may be set forth in this Agreement.

5.2 In consideration of this franchise granted by this Agreement, the services to be provided by Franchisor, the right to prepare and sell the Products to the general public, and for the use of the Marks during the Initial Term and any subsequent renewals, Franchisee shall pay to Franchisor, in addition to the Initial Franchise Fee, a royalty fee equal to five percent (5%) of the Gross Sales generated by, from, or through Franchisee's Outlet ("Royalty Fee").

5.3 For the purposes of determining the royalties to be paid, “Gross Sales” shall mean the total gross selling price of all services and products and all income of every other kind and nature related to the Outlet (including, without limitation, income related to catering and delivery activities, and any sales or orders of food products or food preparation services provided from or related to the Outlet, including without limitation, sales made through third party companies, such as Grubhub, Uber Eats, Eat24, and Door Dash, inclusive of any fees and charges of such third party companies, or income received from any business interruption insurance), whether for cash or credit and regardless of collection in the case of credit. In the event of a cash shortage, the amount of Gross Sales shall be determined based on the records of the electronic cash register system and any cash shortage shall not be considered in the determination. Gross Sales shall not include the following:

A. Receipts from the operation of any public telephone installed in the Outlet, or products from vending machines located at the Outlet, except for any amount representing Franchisee’s share of such revenues;

B. Sums representing sales taxes collected directly from customers, based upon present or future laws of federal, state or local governments, collected by Franchisee in the operation of the Outlet, and any other tax, excise or duty which is levied or assessed against Franchisee by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Outlet, provided that such taxes are actually transmitted to the appropriate taxing authority;

C. Returns to shippers or manufacturers; and

D. Proceeds from isolated sales of trade fixtures not constituting any part of Franchisee’s products and services offered for resale at the Outlet nor having any material effect upon the ongoing operation of the Outlet required under this Agreement.

5.3.1 Franchisor may, from time to time, authorize, in writing, certain other items to be excluded from Gross Sales. Any such permission may be revoked or withdrawn at any time in writing by Franchisor in its discretion. In addition to the foregoing, the following are included within the definition of “Gross Sales” described except as noted below:

(1) The full value of meals furnished to Franchisee’s employees as an incident to their employment, except that the value of any discounts extended to such employees may be credited against Gross Sales during the reporting month in which the meals were furnished for the purpose of determining the amount of Gross Sales upon which the Royalty Fee is due; and

(2) All proceeds from the sale of coupons, gift certificates or vouchers; provided that at the time such coupons, gifts certificates or vouchers are redeemed the retail price thereof may be credited against Gross Sales during the reporting month in which such coupon, gift certificate or voucher is redeemed for the purpose of determining the amount of Gross Sales upon which the Royalty Fee is due.

5.4 Royalty Fees are due and payable on or before the 7<sup>th</sup> day of each month (“Payment Date”), relating to the prior calendar month. Franchisee shall make all payments due to Franchisor or its affiliates (including, without limitation, Royalty Fees, Marketing Fees, and other monies owed to Franchisor and its affiliates) from Franchisee’s bank account by electronic fund transfer (“EFT”) or other automatic payment mechanism that Franchisor may designate. Franchisee shall comply with the procedures established by Franchisor and/or to perform such acts and deliver and execute the Authorization to Honor Charges Drawn By and Payable To Two Hands America, Inc. including Checks and Electronic Transfers (Exhibit “H”) and

any other documents as may be necessary to assist in or accomplish such electronic method of payment. Franchisee shall maintain a single bank account for all EFT payments and shall maintain such minimum balance in this account in the amount that Franchisor may reasonably specify from time to time in order to ensure that all payments due to Franchisor and its affiliates can be paid in full when drawn from the account. Franchisee shall not alter or close this account except with Franchisor's prior written approval. Any failure by Franchisee to implement an EFT system in strict accordance with Franchisor's instructions shall constitute a material default of this Agreement. All payments by Franchisee shall be made in US Dollars free and clear of any tax, deduction, offset or withholding of any kind. Franchisee shall register for and collect and report sales tax in compliance with all applicable laws. All taxes and penalties, presently or in the future levied on the payments due to Franchisor under this Agreement shall be fully borne by Franchisee.

5.5 In the event any electronic funds transfer is not honored by Franchisee's bank for any reason, Franchisee shall be responsible for that payment, plus a service charge applied by Franchisor and the bank, if any. Franchisee shall, at all times throughout the term of this Agreement, maintain a minimum balance of Five Thousand Dollars (\$5,000.00) in Franchisee's bank account against which such EFTs shall be drawn for the Outlet operated under this Agreement.

5.6 Royalty Fees or any and all other payments provided for in this Agreement not received by Franchisor within three (3) days of the Payment Date shall be subject to a late charge equal to five percent (5%) of payment due, together with interest on a daily basis at a rate equal to two percent (2%) per month, or the then highest legal rate, whichever is less.

5.7 Acceptance by Franchisor of the payment of any Royalty Fee or any and all other payments provided for in this Agreement shall not be conclusive or binding on Franchisor with respect to the accuracy of such payment until two (2) years after the effective date of termination or non-renewal of this Agreement. Acceptance of any payment on account of Royalty Fees or any and all other payments provided for in this Agreement does not constitute any waiver of Franchisor's rights under Article XVIII below.

5.8 Franchisee's obligations for the full and timely payment of the Royalty Fees and all other amounts provided for in this Agreement shall be absolute, unconditional and fully earned by Franchisor, except in those instances where Franchisor is in breach under this Agreement and has failed to cure such breach although obligated to do so. Franchisee shall not delay or withhold the payment of all or any part of the fees for any reason, put the fees in escrow, or set-off same against any and all claims or alleged claims Franchisee may allege against Franchisor.

5.9 Franchisee's obligations for the full and timely payment of the Royalty Fees and all other amounts provided for in this Agreement shall be absolute, unconditional and fully earned by Franchisor, except in those instances where Franchisor is in breach under this Agreement and has failed to cure such breach although obligated to do so. Franchisee shall not delay or withhold the payment of all or any part of the fees for any reason, put the fees in escrow, or set-off same against any and all claims or alleged claims Franchisee may allege against Franchisor. Franchisee's obligations to pay Franchisor any fees or amounts described in this Agreement are not dependent on Franchisor's performance and are independent covenants by Franchisee. Franchisor may stop selling and/or delivering any or all goods and/or services to Franchisee if any payment to Franchisor or its affiliates is past due more than 14 days. Franchisor's decision to stop selling and/or delivering goods does not excuse Franchisee from Franchisee's obligation to comply with this Agreement and all aspects of the System.

**ARTICLE VI**  
**TRAINING AND COMMENCEMENT OF BUSINESS**

6.1 During the time period prior to the opening of Franchisee's Outlet, but not less than two weeks prior thereto, Franchisee shall attend Franchisor's initial training program, which shall be conducted at Franchisee's Outlet, Franchisor's headquarters in Duluth, Georgia or at another location designated by Franchisor, and complete the training program to Franchisor's satisfaction in its sole discretion. Franchisee shall pay to Franchisor the travel and living expenses incurred by Franchisor to provide the initial training at Franchisee's Outlet (including transportation, lodging, meal, rental car and other expenses associated with the initial training program incurred by Franchisor), payable upon Franchisee's receipt of Franchisor's invoice. The initial training program will generally require Franchisee to have two to four of Franchisor's representatives to provide the initial training for approximately one week of training. Franchisee shall also be responsible for all travel and living expenses which Franchisee and Franchisee's manager incur in connection with the initial training program, if any. Further, the initial training program is for Franchisee's personnel up to four (4) people and Franchisee shall be charged an additional fee for the training of additional personnel based on the then-current training fee. All participants must attend the training together and comply with the training schedule set by Franchisor. During the training program, Franchisee shall receive instruction, training and education in the operation of the Outlet and indoctrination into the System. Such training program shall include, but not be limited to, instructing Franchisee in the preparation and sale of Franchisee's proprietary Menu Items, the Products and quality control techniques and procedures.

6.2 Franchisee shall attend such periodic refresher and supplemental training programs or meetings at such locations as Franchisor may from time to time direct and complete such training programs to Franchisor's satisfaction in its sole discretion. All expenses of Franchisee incurred in connection with attendance at any such refresher or supplemental training programs or meetings shall be borne solely by Franchisee. Franchisor reserves the right to charge its then-current tuition rate for such additional training.

6.3 At all times during the term of this Agreement or any renewal thereof, Franchisee shall have a supervisor managing the operation of the Outlet who has successfully completed Franchisor's training program and is able to operate the Outlet in accordance with this Agreement and Franchisor's standards. Franchisee shall be responsible for any additional training for replacement supervisors.

6.4 Franchisee's employees may be trained by Franchisee, or at Franchisee's request, and subject to the availability of Franchisor's personnel, Franchisor will train Franchisee's additional personnel at Franchisor's headquarters, Franchisee's Outlet or another location designated by Franchisor at Franchisor's then-current tuition rate. Franchisee is responsible for all expenses, including transportation to and from the training site, as well as lodging, meals, and wages during training, incurred in training Franchisee's additional personnel (including travel and living expenses incurred by Franchisor). All training materials provided to Franchisee by Franchisor shall at all times remain Franchisor's property and Confidential Information, and Franchisee agrees not to challenge Franchisor's or its affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication or other unauthorized use of any portion of the training materials.

**ARTICLE VII**  
**OBLIGATIONS OF FRANCHISOR**

7.1 In order to assist Franchisee in constructing Franchisee's Outlet, Franchisor shall furnish to Franchisee a set of prototype or proto-style plans and specifications for a typical Outlet, including

requirements for exterior and interior design, layout, equipment and sign placement and decor scheme, all as included in the System.

7.2 Franchisor shall assist Franchisee in Franchisee's contracting with Franchisor-approved architects and Franchisee's selection of and contracting with engineers, contractors, and subcontractors for construction of all leasehold improvements at Franchisee's Outlet in accordance with the plans and specifications prepared by Franchisor-approved architect.

7.3 Franchisor shall make available to Franchisee any further assistance that Franchisor may deem is required, based on the experience and judgment of Franchisor, in pre-opening, opening and initial business operation of Franchisee's Outlet, which assistance shall conform to that furnished to other existing franchisees as further defined in the Confidential Operations Manuals. Franchisor shall have the right to determine the time or times at which such assistance shall be available to Franchisee. Franchisor reserves the right to modify the Confidential Operations Manuals from time to time to reflect changes that it may implement in the mandatory and recommended specifications, standards, and operating procedures of the System.

7.4 Franchisor shall make available to Franchisee a grand opening advertising program and ongoing local marketing programs for Franchisee's use.

7.5 Franchisor shall maintain an advisory relationship with Franchisee, including ongoing telephone consultation and written and electronic communications to aid in the proper and effective operation of the System, the frequency, method and duration of which shall be in the sole discretion of Franchisor in accordance with Confidential Operations Manuals. Such operating assistance may consist of advice and guidance with respect to:

- A. Methods and operating procedures utilized by Outlets;
- B. Additional food and beverage products and services authorized for sale by Outlets;
- C. Selection, purchasing and preparation of food products, beverages and other approved products, materials and supplies; and
- D. The establishment and operation of administrative, bookkeeping, accounting, inventory control, sales and general operating procedures for proper operation of Outlets.

7.6 Franchisor or its designees or agents shall visit and inspect, from time to time, Franchisee's Outlet and any motor vehicle used in connection with the Outlet, evaluate the proper execution of the System, and confer with Franchisee and Franchisee's employees in order to assist in the proper business operation of Franchisee's Outlet. Franchisor or its designees or agents shall have the absolute right to make inspections by visiting, taking photographs and audio/video recordings, interviewing employees and customers, and/or evaluating any aspect of the Franchisee's Outlet, at such times and frequencies, during normal business hours, as Franchisor may determine in its discretion. Franchisee will cooperate with Franchisor's representative in such inspections, render such assistance to them as they may reasonably request and immediately correct any failure to comply with the System and this Agreement as brought to Franchisee's attention by such representative (including, without limitation, immediately ceasing and preventing the further use of any products, equipment, inventory, advertising materials, supplies, vehicles, or other items that do not conform to Franchisor's then-current specifications, standards or requirements).

7.7 Franchisor shall use its reasonable efforts to require maintenance of high and uniform standards in the execution of the System at all Outlets utilizing the System, in order to protect and enhance the reputation of Franchisor and its Marks.

7.8 In order to insure that the distinguishing characteristics of the System are uniformly maintained, Franchisor may from time to time establish standards for certain proprietary food items, products, equipment, commodities and supplies to be used by Franchisee in the execution of the System and may, in conjunction therewith, develop new proprietary food items, products, programs and develop new equipment and new techniques which Franchisee shall be required to use and/or purchase in the operation of Franchisee's Outlet.

7.9 Neither Franchisor's approval of a specific location for Franchisee's Outlet, nor any other service provided by Franchisor pursuant to this Article shall be deemed a representation, warranty or judgment by Franchisor as to the likely success of Franchisee's Outlet at such location or as to the relative desirability of such location in comparison to others that might have been available to Franchisee.

7.10 Franchisor shall provide the pricing guidelines for the menu items and, subject to applicable law, Franchisee shall comply with and be bound by, prices which may be recommended, suggested or advertised by Franchisor. Franchisor reserves the right, to the fullest extent allowed by applicable law, to establish maximum, minimum or other pricing requirements with respect to the prices Franchisee may charge for the Menu Items offered and sold at the Two Hands Corn Dogs Outlet.

## **ARTICLE VIII**

### **OBLIGATIONS AND DUTIES OF FRANCHISEE**

8.1 Franchisee shall make any grand opening advertising expenditures as may be required by Franchisee's landlord or by the terms of Franchisee's lease or sublease.

8.2 Franchisee or a designated and approved manager shall, during the term of this Agreement and any renewal thereof, devote full time, energy and best efforts to the management and operation of Franchisee's Outlet, except as otherwise approved in writing by Franchisor, including, but not limited to, keeping the Outlet operating and open for business at the times specified in the Confidential Operations Manuals or as required by Franchisee's lease or sublease. "Full time" as used in this Agreement shall mean a minimum of 40 hours per week, which may be more depending on the actual operating hours of the Franchised Business. Franchisee or a designated and approved manager shall oversee and supervise the Franchisee's Outlet at all times during the term of this Agreement. In the event Franchisee is a legal entity, like a corporation, partnership or limited liability company, the person who owns a controlling interest in the entity's equity or voting rights, or a general partner, as the "Operating Principal" of Franchisee, must devote full time and attention to franchise activities, unless otherwise agreed in writing. Franchisor shall have the right to request time cards and scheduling records relating to the operation of the Franchised Business to ensure that the Franchised Business is supervised by Operating Principal or an approved manager at all times. If none of the owners owns a controlling interest in the entity's equity or voting rights, Franchisee must designate one of Franchisee's owners as Franchisee's Operating Principal, primarily responsible for the Franchised Business. Franchisee's Operating Principal must have and maintain at least 10% ownership of the Franchised Business and have decision-making authority about the Franchised Business. Franchisor must approve Franchisee's Operating Principal, and Franchisee must designate a qualified replacement from among Franchisee's owners if the Operating Principal can no longer fulfill his or her responsibilities under this Agreement.

8.3 At all times, Franchisee shall maintain, at Franchisee's own expense the interior and exterior of Franchisee's Outlet and all fixtures, furnishings, signs and equipment in the highest degree of

cleanliness, orderliness, sanitation and repair, as determined by Franchisor. Franchisee shall make no material alteration, addition, replacement or improvement in or to the interior or exterior of the Outlet without the prior written consent of Franchisor, except that Franchisee shall be required to periodically renovate, refurbish and update Franchisee's Outlet so that it is in substantial conformity with Franchisor's then-current Outlet design. Such equipment shall include, but not be limited to, a computerized cash register system designated by Franchisor.

A. Franchisee acknowledges and agrees that it is in Franchisee's best interest, and in the best interests of the System, that Franchisee's Franchised Business be clean, up-to-date, well-maintained and well-appointed. Therefore, Franchisee acknowledges and agrees that Franchisee will, at Franchisor's request, remodel and refurbish the Franchised Business periodically. Franchisor and Franchisee acknowledge that nothing in this Section 8.3 will affect Franchisee's obligation to maintain the Franchised Business in compliance with the other provisions of this Franchise Agreement and the Manuals. Notwithstanding anything set forth in this Section 8.3 to the contrary, Franchisor will not require Franchisee to remodel the Franchised Business more than once every three (3) years, except that if the Outlet is transferred pursuant to Article XX, Franchisor may request that the transferee remodel and/or redecorate the Outlet premises as described herein.

8.4 From time to time, Franchisee will allow Franchisor to obtain and take samples of ingredients, products and supplies from Franchisee's Outlet, free of charge, for testing by Franchisor in order to assure that Franchisee complies with Franchisor's reasonable standards and specifications. In addition to any other remedies Franchisor may have, Franchisor may require Franchisee to pay for the testing if the sample fails to conform to Franchisor's standards and specifications.

8.5 Franchisee will maintain a high moral and ethical standard in the operation and conduct of Franchisee's Outlet so as to create and maintain goodwill among the public for the name "Two Hands Corn Dogs" and supervise and evaluate the performance of its staff to insure that each renders competent, efficient and quality service to the general public.

8.6 Franchisee recognizes that it is essential to the proper marketing of the Outlet, and to the preservation and promotion of its reputation and acceptance by the public at large, that standards of quality be maintained. As part of the consideration for this Agreement, Franchisee will at all times sell to retail customers only, or offer for sale to retail customers only, only those products and services that meet the reasonable specifications and standards from time to time approved in writing by Franchisor, as permitted under this Agreement, and as permitted under the lease or sublease. In furtherance thereof, Franchisee shall be required to purchase only from Franchisor or its designee any Trade Secret Food Products and Proprietary System Assets, comprised of certain kitchen equipment and instruments which are proprietary in nature and unique to the Outlet, that are specified by Franchisor from time to time. Franchisor reserves the right in its discretion to derive revenue as a result of Franchisee's purchases of any items used in connection with the operation of the Outlet and to use such revenue as it sees fit in its sole discretion.

8.7 In connection with the operation of Franchisee's Outlet, Franchisee must comply with Franchisor's standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other products and services used or offered for sale at the Outlet. Except as provided in subsection A below, Franchisee shall purchase from suppliers who continue to demonstrate the ability to meet our then-current standards and specification and who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably, and who have been approved in writing by Franchisor in advance, and who have not thereafter been disapproved by Franchisor. Franchisee must purchase from Franchisor, its designee or Franchisor-approved vendor all Trade Secret Food Products and certain types, models and brands of fixtures, furniture and equipment, which are proprietary in nature and unique to the Outlet ("Proprietary System Assets") at



then-current prices established from time to time. In addition to the Trade Secret Food Products and Proprietary System Assets, Franchisee is required to purchase certain packaging supplies, paper goods and other product and service items for the preparation and service of the Products which bear any of the Marks ("Branded Products"). In addition to the Trade Secret Food Products and Proprietary System Assets, Franchisee shall also be required to purchase from Franchisor, its designee or Franchisor-approved vendor any Branded Products at then-current prices established from time to time. Franchisee is also required to purchase certain types, models and brands of equipment, fixtures and furniture, which are not specified as a Proprietary System Asset, as provided in the Confidential Operations Manuals ("System Items") from Franchisor, its designee or Franchisor-approved vendor. Suppliers may be limited to Franchisor, its affiliates, and/or other specified exclusive sources as Franchisor designates, and Franchisee must acquire such products and service items during this Agreement's term only from Franchisor, Franchisor's affiliates, and/or other specified exclusive sources at the prices that Franchisor or Franchisor's affiliates decide to charge, including any freight and handling costs. Franchisor has the absolute right to limit the suppliers with whom Franchisee may deal.

A. In the event that Franchisee desires to purchase any Branded Products or System Items from sources other than Franchisor, its designee or Franchisor-approved vendor, Franchisee shall so request in writing, specifying the item or product Franchisee desires to purchase from another source not already approved by Franchisor, including samples, specifications and sufficient information on the source to enable Franchisor to determine whether the item or product meets with Franchisor's quality assurance requirements and specifications. Upon submission of the requested information to Franchisor, Franchisor shall conduct its evaluation, taking into consideration the product quality, delivery frequency and reliability, service standards as well as financial capability and credit of the identified supplier. Franchisor shall charge a reasonable fee to Franchisee for conducting this evaluation. Franchisor shall conduct its evaluation and advise Franchisee in writing of its decision within thirty (30) days from the date on which Franchisor received the requested information and materials sufficient to commence its evaluation. Franchisor and Franchisee acknowledge that Franchisor has no obligation to approve any request for a new supplier, product or item and that Franchisor does not intend to do so if Franchisor already has designated specific items, services, and/or suppliers or otherwise have imposed restrictions on the supply system.

B. In connection with the operation of Franchisee's Outlet, Franchisee is required to purchase certain other food products, beverages and other similar products and other items offered for consumption to the retail purchaser as set forth in the Confidential Operations Manuals. Franchisee's obligation under this Subsection B shall be satisfied so long as Franchisee purchases the stated products from sources of supply approved by Franchisor, subject to the same meeting the strict specifications of Franchisor which may be changed, modified or updated from time to time.

C. Nothing in this Agreement shall be construed as an attempt to unreasonably limit the sources from which Franchisee may procure such food products, beverages, products and other similar items. Rather, Franchisor intends that such items conform to Franchisor's strict standards and strict specifications of consistent quality and uniformity. Nothing contained in this Agreement shall be deemed to require Franchisor to approve an inordinate number of suppliers of a given item which, in the reasonable judgment of Franchisor, would result in higher costs generally to Franchisee or prevent effective and economical supervision of suppliers by Franchisor. Requests for approval of additional suppliers of non-Trade Secret Food Products or non-Branded Products shall be in writing and shall contain such information as Franchisor may reasonably request. Franchisor shall charge a reasonable fee to Franchisee for considering requests for approval. Franchisor shall, within thirty (30) days, notify Franchisee whether or not such proposed supplier is approved. Franchisor may impose limits on the number of suppliers for any ingredient or food or beverage item used or served by the Outlet.

8.8 Franchisee acknowledges and agrees that operating and maintaining the Franchised Outlet in compliance with the standards and specifications of the System are essential to preserve the goodwill of the Proprietary Marks and all Two Hands Corn Dogs Outlets. Therefore, Franchisee agrees at all times to operate and maintain the Franchised Outlet in strict compliance with all mandatory standards and specifications of the System, as Franchisor periodically issues, modifies, and supplements them, even if Franchisee believes that a standard of the System, as originally issued or subsequently modified, is not in the System's or the Franchised Outlet's best interests. Although Franchisor retains the right to establish and periodically modify the standards and specifications of the System that Franchisees has agreed to follow, Franchisee retains the right to control, and responsibility for, the Franchised Outlet's day-to-day management and operation and implementing and maintaining the standards of the System.

A. Franchisee shall comply with any aspects of operating and maintaining the Franchised Outlet that Franchisor determines to be useful to preserve or enhance the efficient operation, image, or goodwill of the Proprietary Marks and Two Hands Corn Dogs Outlets, including but not limited to standard uniforms/attires.

B. Franchisee agrees that System standards Franchisor prescribes in the Manuals, or otherwise communicate to Franchisee in writing or another tangible form (for example, via intranet, extranet, or Website), are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System standards as periodically modified.

C. Franchisor periodically may modify System standards, which may accommodate regional or local variations, consumer or societal trends, market place variables and the needs of customers, and these modifications may obligate Franchisee to invest additional capital in the Franchised Outlet and/or incur higher operating costs. Franchisee agrees to implement any changes in System standards within the time period Franchisor requests, whether they involve refurbishing or remodeling the Outlet or any other aspect of the Outlet, buying new System Items, adding new products and services, or otherwise modifying the nature of Franchisee's operations, as if they were part of this Agreement as of the Effective Date.

8.9 Franchisee acknowledges that in purchasing or leasing supplies, equipment and/or materials from Franchisor or from suppliers approved by Franchisor, **FRANCHISOR EXPRESSLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF SAME, INCLUDING WITHOUT LIMITATION, EXPRESS OR IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE. FRANCHISEE AGREES TO LOOK SOLELY TO THE MANUFACTURER OR SUPPLIER OF SAME FOR ANY REMEDY OR LIABILITY IN THE EVENT OF ANY DEFECTS THEREIN.**

8.10 Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation any confidential information, knowledge, recipes, food preparation methods, customer lists, or know-how concerning the methods of operation of the business franchised under this Agreement 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 shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Outlet. Any and all information, knowledge and know-how, and other data which Franchisor designates as confidential, shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to Franchisee's attention prior to disclosure thereof by Franchisor; or which, at the time of disclosure by Franchisor to Franchisee, had become a part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, becomes a part of the public domain, through publication or communication by others. Franchisee shall require and obtain the execution of covenants similar to those set forth in Exhibit "E" from your employees and all other of your Personnel (defined below

in Section 8.18) who have received or will have access to confidential information. Such covenants shall be substantially in the form set forth in Exhibit "E."

8.11 Franchisee shall only sell or offer for sale such products as described in this Agreement, and Franchisee must obtain Franchisor's written approval for all contemplated menu changes and all additions to and/or deletions of items sold in Franchisee's Outlet. Franchisee shall maintain in sufficient supply and use and sell at all times only those food and beverage items, ingredients, toppings, products, materials, supplies and paper goods that meet Franchisor's standards and specifications. All menu items must be prepared according to the recipes and procedures specified in the Manuals or other written or electronic materials provided by Franchisor. Franchisee must not deviate from these standards and specifications by Franchisor, use or offer of non-conforming items or use or offer toppings, side menu item or other items, or different amounts of any items, without obtaining Franchisor's prior written consent. Franchisor may, and expects to, modify its standards and specifications as Franchisor deems necessary.

8.12 Franchisee shall comply with all the terms, conditions, requirements, covenants and agreements set forth in this Agreement, and any renewals thereof, and supply Franchisor with such information (in addition to that otherwise provided for in this Agreement) as may be reasonably requested by Franchisor.

8.13 Franchisee shall use a standard menu and menu format as required by Franchisor. Franchisee may employ any reputable printer to reproduce Franchisee's menus using Franchisor's format and specifications. This provision shall not constitute a license of any copyright or trademark to the prospective printer of such menus. Any changes in the menu used at the Outlet shall be approved in writing by Franchisor prior to use. At Franchisor's discretion the standard menu format may contain advertising reference to other Outlets.

8.14 Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, federal income taxes, sales taxes, unemployment taxes and all indebtedness to Franchisor incurred by Franchisee in the conduct of the business licensed by this Agreement.

8.15 Franchisee shall comply with all federal, state and local laws, rules and regulations (including, without limitations, the Americans with Disabilities Act), and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business licensed by this Agreement, including, without limitation, operation licenses, licenses to do business and fictitious name registration. Prior to the opening of Franchisee's Outlet, Franchisee shall deliver to Franchisor all such permits, certificates, or licenses necessary for proper operation of the Franchised Outlet.

8.16 Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, claim, suit or proceeding, and of the issuance of any order, writ, injunction, suit or proceeding, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the Outlet.

8.17 Franchisee shall not pledge Franchisor's credit or bind Franchisor to any obligation, nor shall it hold itself out as being authorized to do so.

8.18 Franchisee must, in accordance with Franchisor's standards and to the extent Franchisor designates from time to time, recruit, train and develop all employees, independent contractors, and any other personnel or staff as may be needed ("Personnel"). When hiring Personnel, Franchisee shall use its best efforts to hire qualified and competent employees. Franchisee is responsible for making sure all Personnel are capable of performing their duties in accordance with standards. Franchisee is solely responsible for the supervision of its Personnel and setting the schedule thereof. Franchisee will decide the

compensation to be paid to its Personnel. Franchisor will not be responsible for payment of any compensation, salaries, benefits and employment-related liabilities to Franchisee or its Personnel. Franchisee is solely responsible for all hiring and firing decisions as well as all training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees regardless of whether Franchisee has received advice from Franchisor on these subjects or not. Further, Franchisee hereby acknowledge and agree that:

A. Franchisee's employees are employed exclusively by Franchisee and are not employed, jointly employed or co-employed by Franchisor and Franchisee must inform its employees verbally and on all written documentation outlining such employment (including any employee handbooks) that Franchisee is the employer of such employees and that Franchisor is not the employer of Franchisee's employees.

B. Each of Franchisee's employees are under the exclusive dominion and control of it and never under the direct or indirect control of Franchisor in any fashion whatsoever.

C. Any minimum staffing requirements established by Franchisor is solely for the purpose of ensuring that the Outlet is at all times staffed at those levels necessary to operate it in conformity with the System and the Menu Items, services, standards of quality and efficiency, and other Two Hands Corn Dogs brand attributes known to and desired by the consuming public and associated with the Marks.

D. Franchisee may staff the Outlet with as many employees as it desires at any time so long as our minimal staffing levels are achieved.

E. Any recommendations Franchisee may receive from Franchisor regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist Franchisee to efficiently operate the Outlet, and that Franchisee is entirely free to disregard such recommendations regarding such employee compensation.

F. Any training provided by Franchisor for Franchisee's employees is geared to impart to those employees, with its ultimate authority, the various procedures, protocols, systems and operations of a Two Hands Corn Dogs Outlet and in no fashion reflects any employment relationship between the Franchisor and Franchisee's employees.

G. Franchisee shall require all personnel employed by Franchisee to wear standard related uniforms and attire during business hours in order to further enhance Franchisor's product and format. Franchisee shall be permitted to purchase such uniforms and attire from manufacturers or distributors approved by Franchisor, which uniforms and attire must be in strict accord with Franchisor's design and other specifications.

H. Should a third party ever assert that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee agrees to assist Franchisor in defending said allegation, including (if necessary) appearing at any venue to testify on Franchisor's behalf (and, as may be necessary, submitting Franchisee to depositions, other appearances and/or preparing affidavits dismissive of any allegation that we are the employer, joint employer or co-employer of any of your employees). To the extent Franchisor is the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of Franchisee, should any such appearance by Franchisee be required or requested by Franchisor, Franchisor will recompense Franchisee the reasonable costs associated with Franchisee's appearance at any such venue.

8.19 Franchisor and Franchisee understand and agree that the operation of the Outlet, maintenance of its premises and equipment, conduct and appearance of its personnel, and the preparation and sale of products therefrom are all regulated by governmental statutes and regulations. To this end, Franchisee owes an obligation to the patrons of Franchisee's Outlet, Franchisor, and to Franchisee, to fully and faithfully comply with all those applicable governing authorities. Franchisee shall meet and maintain, at all times during the term of this Agreement, at Franchisee's sole cost, the highest grade (90% or above or comparative) of health and safety standards set by all applicable governing authorities and the highest standards of cleanliness, health and sanitation to the Franchised Business, as we may reasonably require. If any product dispensed at Franchisee's Outlet evidences adulteration from the standards of Franchisor's food items, or is in violation of applicable law or regulations, or in the event the food items, premises, equipment, personnel or operation of the Outlet fail to be maintained in accordance with the governmental requirements referred to above, Franchisee shall immediately notify Franchisor and provide all relevant information requested by Franchisor, close Franchisee's Outlet, terminate selling operations at the Outlet, destroy all contaminated or adulterated products and eliminate the source thereof, and remedy all unsanitary conditions present, reopening for business only after Franchisor's inspection and provided that laboratory analysis from samples obtained for that purpose by Franchisor evidence a compliance with the applicable governmental requirements and with the standards of Franchisor. If Franchisee passes the minimum health, sanitation or safety standards required by the applicable governing authorities but fails to meet the highest grade available, then Franchisee shall immediately notify Franchisor and provide all relevant information, and remedy all unsatisfactory conditions present within 24 hours after notice to obtain the highest grade of health, sanitation or safety standards available by the applicable governing authorities. If Franchisee or any of Franchisee's agents or employees fails or refuses to comply with all of the above remedial measures or in the event of any repetition of any adulteration or palming off or failure of sanitation in the Outlet:

A. Franchisee shall pay the costs and expenses, including attorneys' fees, of both parties, incurred in enforcing the provisions of this Subsection or any provision of this Franchise Agreement in obtaining Franchisee's compliance with the Agreement. The remedies set forth in this paragraph are in addition to and not in substitution for those set forth in Article XXIII of this Franchise Agreement.

B. In furtherance of the foregoing, Franchisee must submit copies of all health, sanitation or other regulatory agency inspection reports to Franchisor immediately upon receipt thereof. Franchisee must also report to Franchisor, within 48 hours of any inspections by applicable health, sanitation or other regulatory government agencies, any and all actions taken by Franchisee pursuant to such inspections by applicable health, sanitation or other regulatory agencies.

8.20 Franchisor may, from time to time, conduct market research and testing to determine consumer trends and the salability of new food products and services. Franchisee will cooperate by participating in Franchisor's market research programs, test marketing new food products and services in the Outlet, and providing Franchisor with timely reports and other relevant information regarding such market research. In connection with any such test marketing, Franchisee shall purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell such products.

8.21 Franchisee shall be absolutely prohibited from having any vending machines, lottery games or games of chance, newspaper racks, juke boxes, gum or candy machines, games, pinball machines, pay telephones, video games, rides or other mechanical or electronic devices installed or operated at the Outlet.

8.22 Franchisee must provide accurate, complete and full disclosure of the books and accounts and give Franchisor or its designee direct access to any third parties through which revenue is generated, including but not limited to, Grubhub, Uber Eats, Postmates, Eat24, and Door Dash. Any third party accounts through which revenue is generated, including but not limited to, Grubhub, Uber Eats, Postmates, Eat24, and Door Dash, must be set up through Franchisor. Franchisee shall permit Franchisor or

Franchisor's designee to enter the Franchised Business and/or to examine any motor vehicle used in connection with the Franchised Business, at Franchisor's discretion, at any time with or without prior notice to Franchisee, for purposes of conducting inspections, taking photographs and audio/video recordings, interviewing employees and customers, and/or evaluating any aspect of the Franchised Business. Franchisee shall cooperate fully with Franchisor or its agents or representatives in such inspections by rendering such assistance as they or Franchisor may reasonably request. Upon notice from Franchisor or Franchisor's agents or representatives, and without limiting Franchisor's other rights under this Franchise Agreement, Franchisee shall immediately correct any deficiencies detected during such inspections, including, without limitation, immediately ceasing and preventing the further use of any products, equipment, inventory, advertising materials, supplies, vehicles, or other items that do not conform to our then-current specifications, standards or requirements. In the event Franchisee fails or refuses to correct such deficiencies, Franchisor shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such corrections as may be required, at Franchisee's sole expense which Franchisee agrees to pay upon demand. Franchisor may from time to time develop and implement policies relating to inspection of Two Hands Corn Dogs Outlets that may vary from, or be more lenient than, the foregoing requirements. Franchisee hereby agrees to follow them. If Franchisee has previously failed to meet our standards at your Franchised Business, then Franchisor may direct a third party we choose to conduct a third inspection and report.

8.23 Following the Opening Date of the Franchised Outlet, if any inspection of the Franchised Outlet by Franchisor indicates any deficiency or unsatisfactory condition at the Franchised Outlet, Franchisor will notify Franchisee in writing of the deficiencies and Franchisee shall promptly correct, remedy or repair the deficiency or unsatisfactory condition. In addition, if any inspection indicates any deficiency or unsatisfactory condition which requires a re-inspection of the Franchised Outlet within a period of thirty (30) days, Franchisee shall pay Franchisor, upon demand, the sum of Five Hundred Dollars (\$500) for each re-inspection of the Franchised Outlet, or the then-current re-inspection fee, and shall, in addition, reimburse Franchisor for its out of pocket expenses for the re-inspection, including for transportation costs, food, lodging and similar costs.

8.24 Franchisee must, at its sole cost, purchase, use, maintain and update Franchisee's software, computer and other point-of-sale ("POS") systems designated by Franchisor that meet Franchisor's specifications and requirements. Franchisee must, at its sole cost, engage and use the payment processing service provider and other POS related service provider designated by Franchisor that meet Franchisor's specifications and requirements. There are no contractual limitations on the frequency and cost of upgrades and updates to the systems or programs. Franchisee must comply with Franchisor's then-current terms of use policies and any other requirements regarding any inter/intranet sites Franchisor establishes for Two Hands Corn Dogs Outlets. Franchisee shall maintain its POS system in good working order at all times, share the login information with Franchisor, and upgrade or update the system during the term of the Franchise Agreement, as Franchisor may require. The POS system shall allow Franchisor to communicate with Franchisee, and poll and review the results of the Franchised Business' operations, including without limitation, sales data, consumer trends, food and labor costs, and other financial information. Franchisor may distribute the collected data on a confidential basis to its network of franchisees. Franchisor reserves the right to replace its designated supplier(s) for the POS system as it deems necessary at its discretion.

8.25 Franchisor may introduce to the Two Hands Corn Dogs System additional computer software and hardware (including POS and additional back office systems) which Franchisee must purchase, use, maintain and update at Franchisee's expense, as specifications and requirements may be modified over time. In some cases, these components may only be available through Franchisor or its approved vendors. Franchisee will be responsible for paying all supplier and/or licensor (which may include Franchisor) charges for use, maintenance, support and/or updates to any future required systems. Franchisor does not have a contractual obligation under this Franchise Agreement to provide any

maintenance, repairs, upgrades, or updates on any software or hardware. There are no contractual limitations on the frequency and cost of upgrades and/or updates to the systems or programs. Franchisor does not warrant or have any responsibility for the software or hardware Franchisee must obtain. Any warranty Franchisee may have on equipment or software will be limited to that provided by the applicable manufacturer or licensor.

8.26 Subject to applicable law, following the Opening Date of the Franchised Outlet, Franchisor shall have the right to establish pricing guidelines for the Menu Items and, subject to applicable law, Franchisee shall comply with and be bound by, prices which may be recommended, suggested or advertised by Franchisor. Subject to applicable law, Franchisee shall honor the terms of all promotional or discount programs that Franchisor may offer to the public for Two Hands Corn Dogs Outlets and shall comply with all pricing policies that Franchisor may specify, including minimum and maximum pricing policies, minimum advertised price policies and unilateral price policies. Franchisee shall also provide products and services designated by Franchisor on terms Franchisor specifies, including free-of-charge. In addition, Franchisee shall conduct friends and family, soft-opening and other events and promotions at the Franchised Outlet as required and directed by Franchisor and shall provide products and services designated by Franchisor to the public in the manner and at the prices Franchisor specifies, including free-of-charge. Franchisee shall participate in all gift certificate and/or gift card administration programs as may be designated by Franchisor from time to time. Franchisee shall honor all coupons, gift certificates, gift cards and other programs or promotions as directed by Franchisor. Franchisee shall fully participate in all guest loyalty or frequent customer programs now or in the future adopted or approved by Franchisor. Franchisee shall not issue coupons or discounts of any type for use at the Franchised Outlet except as approved by Franchisor in writing, which may be withheld in Franchisor's sole and absolute discretion.

8.27 If Franchisee is an individual, he or she must devote full time (which shall be at least 40 hours per week) and attention to supervising all administrative and operational activities of the Franchised Outlet at the Franchised Location. If a legal entity owns the franchise rights, like a corporation, partnership or limited liability company, the person who owns a controlling interest in the entity's equity or voting rights, or a general partner, must devote full time and attention to franchise activities, unless otherwise agreed in writing. If none of the owners owns a controlling interest in the entity's equity or voting rights, Franchisee must designate one of Franchisee's owners as Franchisee's "Operating Principal," primarily responsible for the Franchised Business. Franchisee's Operating Principal must have and maintain at least 10% ownership of the Franchised Business and have decision-making authority about the Franchised Business. Franchisor must approve Franchisee's Operating Principal, and Franchisee must designate a qualified replacement from among Franchisee's owners if the Operating Principal can no longer fulfill his or her responsibilities under this Agreement. Franchisee must respond to Franchisor's communications and requests for information within time frames Franchisor requests. Franchisee must staff its Two Hands Corn Dogs Outlet with at least one (1) "Approved Manager." An "Approved Manager is a full-time employee who works at least 40 hours per week with management responsibilities who has successfully completed the manager training segment of the initial training program and any mandatory supplemental management classes. At all times during the term of this Agreement, Franchisee (or its Operating Principal, if applicable) or an Approved Manager must supervise and oversee the Franchised Outlet at the Franchised Location. Depending on the size, location, and performance of the Franchised Outlet, Franchisor may require, in its sole discretion, Franchisee to hire additional Approved Manager(s). At all times during the term of this Agreement, Franchisee (or its Operating Principal, if applicable) or an Approved Manager must supervise and oversee the Franchised Outlet at the Franchised Location. Franchisee shall ensure that the Outlet is supervised by Operating Principal or an Approved Manager at all times and furnish to Franchisor time cards and scheduling records relating to the operation of the Franchised Outlet upon Franchisor's request.

8.28 Franchisee shall open for business at the Franchised Location as directed by the opening plan prepared by Franchisee and Franchisor. Any delay in opening of the Franchised Outlet must be

approved in advance by Franchisor. Franchisee shall keep the Franchised Outlet open for business and cause the business of the Franchised Outlet to be conducted therein during the business hours of each and every day, as prescribed by Franchisor; provided, however, this provision shall not apply if the Franchised Outlet should be closed and the business of the Outlet temporarily discontinued therein on account of strikes, lockouts or similar causes beyond the reasonable control of Franchisee. In the event Franchisee fails to continuously operate its business at the Franchised Location as required by herein for a period of three (3) or more consecutive days, then in addition to all remedies available to Franchisor (including, without limitation, injunction and/or damages) Franchisor may, but is not obligated to, elect to terminate this Agreement upon delivery of written notice of Franchisor's intent to Franchisee, whereupon this Agreement shall terminate. Franchisor's notice pursuant to this Section shall be in lieu of, and not in addition to, the notice and cure period set forth in Article XVII.

## **ARTICLE IX**

### **ADVERTISING AND PROMOTIONAL ACTIVITIES**

9.1 Recognizing the value of marketing and the importance of the standardization of promotions and public relations programs to the furtherance of the goodwill and public image of the System and the Marks, Franchisee will contribute to a system-wide advertising and promotional fund (the "Fund") on a monthly basis during the term of this Agreement an amount Franchisor determines that will not exceed one percent (1%) of Franchisee's Gross Sales ("Marketing Fee").

9.2 The Fund will be maintained and administered as follows:

9.2.1 Franchisee will contribute to the Fund monthly by electronic transfer (as specified in the Confidential Operations Manuals) based on Franchisee's Gross Sales for each preceding month. During any period of business interruption, Franchisee will continue to make monthly contributions based on Franchisee's average monthly payment during the two (2) month period immediately preceding the period of business interruption. Any Franchisor-owned Two Hands Corn Dogs Outlets may, but are not required to, make contributions to the Fund, and if they do, their contributions to the Fund may be different from the rate set forth in Section 9.1 hereof.

9.2.2 Franchisor will direct all advertising and promotional programs, with the sole discretion of approval over agencies, spokespersons, creative concepts, materials, and media placements and allocations used in the programs. The Fund will establish and maintain an online presence. Franchisee agrees that the Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System, and that Franchisor and its designees undertake no obligation in administering the Fund to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contributions, or to ensure that Franchisee benefits directly or pro rata from the placement of advertising. Further, Franchisee agrees that the Fund does not constitute a trust, and that Franchisor is not a fiduciary with respect to such amounts received in the Fund. Franchisor is not obligated to expend funds for the marketing and advertising programs in excess of the Marketing Fee received from all franchisees.

9.2.3 Franchisee agrees that the Fund may be used to meet the costs of researching, preparing, maintaining, administering and directing advertising and promotional materials and programs (including the costs of preparing and conducting online, social network services, television, radio, magazine, newspaper, direct mail and coupon advertising campaigns and other public relations activities; employing advertising agencies; social medial initiatives; providing a toll-free number for prospective customers to call for referral purposes; providing promotional brochures and other marketing materials to franchisees in the System; and costs of Franchisor's personnel and other departmental costs for advertising that Franchisor administers or prepares internally). All sums contributed to the Fund will be maintained in a separate account from Franchisor's general funds and will not be used to defray Franchisor's general



operating expenses, except for reasonable administrative costs and overhead incurred in activities related to the administration or direction of the Fund, including but not limited to, the cost of providing accounting, collection, bookkeeping, reporting and legal services, and salary costs of employees working for the Fund and its marketing and advertising activities.

9.2.4 If Franchisor spends less than the total of all contributions to the Fund during any fiscal year, it has the right to retain those contributions for use in subsequent years. If Franchisor spends more than the contributions accumulated in the Fund during any fiscal year, it will have the right to receive from the Fund reimbursement or credit during the same or subsequent years to the extent of the excess expenditure.

9.2.5 An unaudited summary report on the operation of the Fund will be prepared annually and will be made available on written request to Franchisee ninety (90) to one hundred twenty (120) days after fiscal year end. Franchisor is not required to have the Fund statements audited. Franchisor will have the right to cause the Fund to be incorporated or operated through an entity separate from Franchisor at such time as it deems appropriate, and such successor entity will have all Franchisor's rights and duties.

9.2.6 Although the Fund is intended to be of perpetual duration, Franchisor retains the right to terminate the Fund. The Fund will not be terminated, however, until all contributions have been used for the purposes described above or returned to contributors on a prorated basis.

9.2.7 Franchisee authorizes Franchisor to collect, for remission to the Fund, any advertising or promotional monies or credits offered by any supplier based upon Franchisee's purchases. Any advertising or promotional monies or credits Franchisor collects from any supplier based upon Franchisee's purchases will not be credited toward Franchisee's required contribution to the Fund.

9.2.8 Franchisor may establish an advertising council of franchisees and/or cooperatives comprised of groups of franchisees within regions or areas Franchisor designates, effective on written notice. Franchisor may modify boundaries of these groups in its sole discretion, effective on written notice. Franchisee must participate in any advertising cooperative which encompasses Franchisee's territory. If established, the council will advise Franchisor on advertising policies, and Franchisees will elect the members of the council. Each cooperative's members and elected officers shall be responsible for the cooperative's administration. The council will be advisory and have no operational or decision-making power. The council will operate under its own by-laws, but Franchisor will have the right to change or dissolve the council. The cooperative must obtain Franchisor's written approval of the copy and proposed media or method of distribution for advertising and promotion it creates, following the same procedures a franchisee must follow for materials Franchisee creates. The cooperative shall assign to Franchisor any copyright, trademark or service mark rights in any materials it creates, without compensation, and permit Franchisor and other Two Hands Corn Dogs franchisees which it authorizes to use these materials without compensation. If established, Franchisor may set the amount (but not to exceed 1.5% of Gross Sales) Franchisee and other Two Hands Corn Dogs franchisees must contribute to such council or cooperative. Franchisor may require a cooperative to merge with another cooperative servicing an adjacent or proximate area, or to subdivide a cooperative into smaller groupings. Advertising cooperatives must prepare quarterly and annual financial statements, which need not be audited, and make them available to all cooperative members and Franchisor.

9.3 In addition to the ongoing advertising requirements set forth herein, Franchisor may require Franchisee to spend, throughout the Term of this Agreement, up to one percent (1%) of Gross Sales each month on advertising for the Outlet in your Territory ("Local Advertising"). If instituted, Franchisee's Local Advertising expenditures will include local newspaper, radio and directories advertisements and other

forms of advertising at the local level. On the seventh (7th) day of the each calendar month during the Term, Franchisee shall provide Franchisor with copies of all invoices, statements, canceled checks or other forms of payment that have been issued by Franchisee during the preceding calendar month which evidence the expenditure and payment by Franchisee of the required Local Advertising. All Local Advertising materials must be approved in accordance with Section 9.6 of this Agreement.

9.4 Franchisor may establish an advertising council or advertising cooperatives comprised of groups of franchisees within regions or areas Franchisor designates, effective on written notice. Franchisor may modify boundaries of these groups in its sole discretion, effective on written notice. Franchisee must participate in any advertising cooperative which encompasses Franchisee's territory. If established, the council will advise Franchisor on advertising policies, and Franchisees will elect the members of the council. The council will be advisory and have no operational or decision-making power. The council will operate under its own by-laws, but Franchisor will have the right to change or dissolve the council. If established, Franchisor may set the amount (but not to exceed 1.5% of Gross Sales) Franchisee and other Two Hands Corn Dogs franchisees must contribute to such council or cooperative. Franchisor may require a cooperative to merge with another cooperative servicing an adjacent or proximate area, or to subdivide a cooperative into smaller groupings. Franchisor may dissolve a cooperative when we simultaneously dissolve all advertising cooperatives.

9.5 Franchisee must obtain and maintain a bold listing in the white pages directory (or equivalent) servicing Franchisee's area under the name "Two Hands Corn Dogs" or any other name designated by Franchisor. If other Two Hands Corn Dogs Outlets are located nearby, Franchisee must participate in any local advertising cooperative that Franchisor establishes or causes to be formed, if Franchisor requires Franchisee's participation. Such participation may involve, for example, paying a pro rata share of the cost of yellow pages advertising (or equivalent) placed on behalf of Franchisee and other Two Hands Corn Dogs Outlets. If no other Two Hands Corn Dogs Outlets are located nearby, Franchisee must maintain a display advertisement, in a form Franchisor specifies, in the local yellow pages directory (or equivalent). The cost of Franchisee's white pages and yellow pages advertising (or equivalent) will be borne by Franchisee. Franchisee may not solicit business through the use of an 800 (or other toll-free) number, direct mail or other advertising method without Franchisor's prior written consent.

9.6 Franchisee must submit to Franchisor, for its approval, all materials to be used for local advertising, unless they have been approved before or they consist only of materials Franchisor provided. All materials containing the Marks must include the designation trademark <sup>TM</sup>, registered trademark <sup>®</sup>, service mark <sup>SM</sup>, copyright <sup>©</sup>, or any other designation Franchisor specifies. If Franchisee does not receive written or oral disapproval of any materials submitted within fifteen (15) business days from the date Franchisor receives the materials, the materials are deemed approved. Franchisor may require Franchisee to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved. Franchisor must make this requirement in writing, and Franchisee will have five (5) days after receipt of Franchisor's notice to withdraw and/or discontinue use of the materials or advertising. Franchisee must include in any significant display advertisements, and in marketing materials for the Outlet, in conformance with standards in the Confidential Operations Manuals, a notice that the Outlet is individually owned and operated. Subject to any legal restrictions, Franchisee also must display or make available, in the reception area of the Outlet, marketing materials intended for general customers that Franchisor may provide to Franchisee from time to time. Franchisor reserves the right to require Franchisee to include certain language in Franchisee's local advertising, such as "Franchises Available" and Franchisor's website address and telephone number.

9.7 Franchisee acknowledges and agrees that Franchisor will own all rights to and interest in each telephone number and online and telephone business directory listing and social media accounts used by Franchisee that is associated in any manner with Franchisee's Outlet and/or with any Mark (the

“Listings”). Franchisee acknowledges and agrees that all goodwill arising from or in connection with the use of each of the Listings will inure to Franchisor’s benefit. Promptly after the expiration, termination, repurchase or transfer of the franchise, and at Franchisee’s own expense, Franchisee will notify all telephone and business directory service companies and social media networks with whom Franchisee has any Listings and direct them to transfer the Listings to Franchisor or to any person(s) Franchisor designates, and Franchisee will execute any and all documents necessary to complete these transfer(s). Upon the execution of this Agreement, Franchisee will sign a Listings transfer consent and authorization, in a form substantially similar to Exhibit G, granting Franchisor the authority to change, transfer or terminate Franchisee’s Listings on Franchisee’s behalf. Franchisor will use this authorization only if Franchisee does not comply fully with this Section 9.7 after the expiration, termination, repurchase or transfer of the franchise.

9.8 Franchisor has the right to control all use of URLs, domain names, websites, social media (defined in Section 9.9), addresses, meta-tags, links, key words, e-mail addresses and any other means of electronic identification or origin (“e-names”) related to the Outlet. Franchisor shall establish and maintain from time to time, one or more Internet Websites that shall be used to provide information about Two Hands Corn Dogs Outlets to the public. Franchisor has sole discretion and control over the establishment, design and content of the Website. Franchisor may, in its discretion, configure the site to accommodate one or more interior pages which Franchisor shall dedicate, in whole or in part, to the Franchised Business, all at Franchisee's expense. Franchisor shall have the right, at its sole option, from time to time, to (i) change, revise, or eliminate the design, content and functionality of the Website, (ii) make operational changes to the Website, (iii) change or modify the URL and/or domain name of the Website, (iv) substitute, modify, or rearrange the Website, at Franchisor's sole option, including in any manner that Franchisor considers necessary or desirable to comply with applicable laws, or respond to changes in market conditions or technology and respond to any other circumstances, (v) limit or restrict end-user access (in whole or in part) to the Website, and (vi) disable or terminate the Website without any liability to Franchisee. Franchisee shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, Website, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's prior written consent, and then only in the manner and in accordance with the procedures, policies, standards and specifications that Franchisor may establish from time to time.

A. Franchisee shall not separately register any domain name or any portion of any domain name containing the Marks or participate or market on any Website or other form of electronic media (including, without limitation, through the use of social technology, social media, social networking platforms, video Websites, email marketing sites or other forms of electronic media not yet developed) using the Marks without Franchisor's prior written consent.

B. Franchisee's general conduct on the Internet and in the use of other forms of electronic media is subject to the terms and conditions of this Agreement and all other rules, requirements or policies that Franchisor may identify from time to time. Franchisor may at any time after Franchisee commences use of any approved electronic media, prohibit further use, effective upon receipt of written notice by Franchisee. Franchisee shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, Website, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's prior written consent, and then only in the manner and in accordance with the procedures, policies, standards and specifications that Franchisor may establish from time to time. All emails collected will be Franchisor's property, with no restrictions on Franchisor's use or distribution of email addresses.

9.9 Franchisee is not permitted to promote its Franchised Outlet or use any of the Marks in any manner on any social or networking websites, such as Facebook, LinkedIn or Twitter, without Franchisor's prior written consent. Franchisor will control all social media initiatives. Franchisee must comply with Franchisor's System standards regarding the use of social media in Franchisee's Franchised Business's operation, including prohibitions on Franchisee's and the Franchised Outlet's employees posting or blogging comments about the Franchised Outlet or the System, other than on a website established or authorized by us. "Social media" includes personal blogs, common social networks like Facebook, Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, Snapchat, virtual worlds, file, audio and video-sharing sites like YouTube, and other similar social networking or media sites or tools. Franchisor will provide access to branded social media pages/handles/assets, and Franchisee must update these regularly. Franchisor reserve the right to conduct collective/national campaigns via local social media on Franchisee's behalf. Franchisor alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any websites and social medial accounts related to the Franchised Outlet, including any and all material Franchisee may furnish to Franchisor.

9.10 Franchisor may require Franchisee, at Franchisee's expense, to operate certain aspects of the Outlet that Franchisor designates from time to time through e-commerce methods in the manner Franchisor designates from time to time. Franchisor also has the right to designate, approve, control or limit all aspects of Franchisee's use of the Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, virtual worlds, social media, portals, search engine optimization, pay-per-click advertising, home pages, bulletin boards, chat rooms, linking, framing, blogs, text messaging, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, "e-commerce"). Franchisee must follow all of Franchisor's policies and procedures for the use and regulation of e-commerce. Franchisee shall assign and transfer to Franchisor or Franchisor's designee any and all interest Franchisee may have in any e-commerce in connection with the Franchise. Franchisor may require that Franchisee provide photographic, written or other forms of content to Franchisor for use in e-commerce activities associated with the Marks or the System which Franchisor may designate. Franchisor may restrict Franchisee's use of e-commerce, or Franchisee's customers use of e-commerce in connection with the Menu Item purchases to a centralized website, portal or network or other form of e-commerce designated by Franchisor or operated by Franchisor or Franchisor's designee. Franchisor may require that Franchisee provide information to Franchisor and arrange Menu Item sales or distribution via e-commerce. Franchisor may require Franchisee to coordinate Franchisee's e-commerce activities with Franchisor. Franchisor may require that Franchisee's customers be provided access to certain e-commerce activities that Franchisor designates from time to time. Franchisee recognizes and agrees that between Franchisee and Franchisor, Franchisor owns all rights to all interest in and to any data collected via e-commerce related to the System and the Marks, including any customer data, click-stream data, cookies, user data, hits and the like. All such information constitutes Franchisor's confidential information.

9.11 Any information on customers of Franchisee's Outlet that identifies or can be used to identify, contact, locate, or be traced back to the specific person to whom such information pertains, or from which identification or contact information of an individual person can be derived, including but not limited to, personally identifiable information ("Customer Data") and all information, mailing lists and data bases of Customer Data from whatever source derived, industry standards must be used only in connection with Franchisee's Outlet in accordance with this Agreement. Franchisee agrees to comply with all applicable laws, regulations and with respect to Customer Data; in addition Franchisee agrees to comply with all data privacy and security requirements Franchisor may establish from time to time and to exert Franchisee's best efforts to prevent the unauthorized use, dissemination or publication of Customer Data, subject in all

instances to applicable laws. Franchisee shall promptly notify Franchisor if Franchisee becomes aware of or suspect any unauthorized access to the Customer Data, or if Franchisee becomes the subject of any governmental, regulatory or other enforcement or private proceeding relating to Franchisee's data handling practices.

9.12 It is Franchisee's responsibility to maintain and report Franchisee's Payment Card Industry (PCI) compliance, which encompasses operational policies and practices as well as networks and computer systems hardware/software used to process credit card transactions, as well as attesting that Franchisee is abiding by (i) the PCI Data Security Standards enacted by the applicable card associations (as they may be modified from time to time or as successor standards are adopted); and (ii) all other security standards and guidelines that may be published from time to time by payment card companies and/or enacted by law, and are applicable to customer credit card and debit card information. If Franchisee knows or suspects a security breach, Franchisee must immediately notify both Franchisee's credit card transaction acquirer and Franchisor. Franchisee assumes all responsibility for providing notice of breach or compromise, along with duties and costs associated with fraudulent transactions, penalties, and ongoing fees for monitoring customer credit card histories and/or transactions for affected customers of Franchisee's Outlet.

## **ARTICLE X**

### **REPORTS TO FRANCHISOR**

10.1 Franchisee shall keep full, complete and accurate books, records, and accounts (including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information on any computer system) in accordance with generally accepted accounting principles and in accordance with the System, and Franchisee shall submit to Franchisor:

A. Concurrently with the payment of the Royalty Fees, on a form supplied or approved by Franchisor, a signed and verified statement of Gross Sales in cash, credit and/or other charges, and when Franchisee is tied into the computerized cash register system such reports shall be transmitted electronically;

B. Within sixty (60) days after the close of each twelve (12) month period, an annual profit and loss statement for the Outlet for such year and a balance sheet for the Outlet as of the end of such year, reviewed by an independent certified public accountant. Franchisor may randomly select a franchisee or franchisees who will be required to have an audited financial statement prepared by a certified public accountant selected by the franchisee, but who shall be acceptable to Franchisor, which opinion may be qualified only to the extent reasonably acceptable to Franchisor;

C. Promptly when prepared, a copy of all of Franchisee's Federal, State and Local tax returns of any kind or nature; and a certificate from Franchisee's accountant that all Social Security payments, taxes and fees required to be paid by Franchisee have been paid, and that there is no reason to believe that Franchisee's corporate status, if Franchisee is a corporation, has been impaired; and

D. Such other periodic forms and reports as may be reasonably prescribed by Franchisor.

10.2 Franchisee shall preserve, for a period of not less than three (3) years, all accounting records and supporting documents relating to Franchisee's business under this Agreement.

10.3 Franchisee shall record, in a manner approved and designated by Franchisor at the time of receipt, all sales of all products sold by Franchisee from Franchisee's Outlet in a computerized cash register of a type designated by Franchisor, or on any other machine or recording device recommended or approved in advance by Franchisor.

10.4 In order to determine whether Franchisee is complying with this Agreement, Franchisor or its designated agents shall have the right, at any time during reasonable business hours, to examine, at its expense, the books, records, cash control devices, income tax returns, bank statements, sales records of the Outlet, and the books and records of any corporation or partnership which owns the franchise. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection or audit should reveal that Gross Sales and/or payments have been understated in any report to Franchisor by more than two percent (2%), then Franchisee shall, upon fifteen (15) days' notice, pay to Franchisor the amount understated upon demand, and in addition reimburse Franchisor for any and all costs and expenses connected with the inspection or audit (including without limitation, reasonable accounting and attorneys' fees, travel expenses, room and board and compensation of employees or agents of Franchisor). The foregoing remedies shall be in addition to any other remedies Franchisor may have hereunder or under applicable law.

## **ARTICLE XI**

### **CONFIDENTIAL OPERATIONS MANUALS**

11.1 Franchisor shall lend to Franchisee, or provide Franchisee with access to, its current confidential operations manuals, which may consist of one or more manuals, directives and memos published by Franchisor (the "Confidential Operations Manuals" or "Manuals") by hard or electronic copy or via the inter/intranet to use during the term of this Agreement. The Confidential Operations shall include, in part, the business procedures, technical advice and rules and regulations for operating the business, which Franchisee must comply.

11.2 Franchisee acknowledges and agrees that:

A. The Confidential Operations Manuals as modified by Franchisor from time to time are, and shall remain, the property of Franchisor throughout the term of this Agreement, any renewal hereof and thereafter;

B. The Confidential Operations Manuals contains confidential information which Franchisee will protect as a trade secret, and its loss will cause substantial damage to Franchisor and other franchisees, although the amount of such loss would be incalculable with any degree of accuracy;

C. Franchisee shall not reprint or reproduce any portion of the Confidential Operations Manuals for any reason;

D. Franchisee must operate the Franchised Outlet in compliance with the terms of the Confidential Operations Manuals and immediately conform its operations to all revisions in mandatory specifications, standards, operating procedures and rules prescribed by Franchisor; and

E. Upon termination of this Agreement for any reason, Franchisee will immediately return the Confidential Operations Manuals to Franchisor.

11.3 Franchisor may add to or otherwise modify the Confidential Operations Manuals, from time to time, in Franchisor's sole discretion, whenever it considers such additions or modifications desirable

to improve or maintain the standards of the System and its efficient operation, or to protect or maintain the goodwill associated with the “Two Hands Corn Dogs” name and Marks or to meet competition, provided such additions or modifications are system-wide in nature and do not substantially increase Franchisee’s economic burden.

## **ARTICLE XII** **INSURANCE**

12.1 Franchisee, at its sole cost and expense, shall obtain and place with an insurer rated “AAA” in Best’s Directory who is authorized to do business in the state in which Franchisee’s Outlet is located, and to keep in full force and effect during the terms of this Agreement, insurance coverage on an “occurrence basis” naming Franchisor, its officers, directors and shareholders and any supplier of Products, and any designated primary and secondary lessor as co-insured’s (such insurance policies referred to below collectively as “Insurance”) as follows:

A. Broad Form Comprehensive General Liability with limits of no less than Two Million Dollars (\$2,000,000) in case of damage or injury to one or more persons, including indemnification coverage and property damage insurance of Five Hundred Thousand Dollars (\$500,000); both of which shall be considered primary policies;

B. All risk coverage on all personal property covering Franchisee’s Outlet and premises and contents thereof, including, without limitation, all supplies, inventory, fixtures, and equipment and business interruption in amounts not less than is sufficient to meet the co-insurance requirements of Franchisee’s policies, and which business interruption insurance covers at least six (6) months of rent, royalties and marketing fees, and contain a replacement value endorsement in an amount not less than ninety percent (90%) of the replacement value thereof, and any loss shall be payable to Franchisor and Franchisee as their interests may appear;

C. Worker’s Compensation and Disability Insurance as may be required by law; and

D. Any other insurance coverage as required by the State, Federal or local municipality in which the franchised premises are located.

12.2 The insurance shall cover the acts or omissions of each and every one of the persons who perform services of any nature at Franchisee’s Outlet, and shall protect against all acts of any persons who patronize the Outlet and shall contain a waiver of subrogation against Franchisor.

12.3 Prior to the opening of Franchisee’s Outlet, Franchisee will deliver to Franchisor certificates of the Insurance, together with the copies of the actual policies issued, and will promptly pay all premiums thereon as and when the same become due. All policies shall provide that they are non-cancelable as to Franchisor unless Franchisor receives at least thirty (30) days’ prior written notice of cancellation. Franchisor shall have the right, but shall not be obligated, to pay premiums due and unpaid by Franchisee or else to obtain substitute coverage in the case of cancellation. Any cost thereof to Franchisor shall be added to the Royalty Fees otherwise payable to Franchisor under this Agreement, provided, however, that same shall be due and payable to Franchisor by Franchisee within five (5) days of demand therefor.

12.4 Franchisor reserves the right to demand that Franchisee obtain Insurance from time to time which is different in coverage, risks, amount or otherwise from the foregoing in order to protect fully the

parties having insurable interests in Franchisee's Outlet, provided such Insurance is reasonably common in the area for similar operations.

12.5 Franchisee shall immediately notify Franchisor, in writing, of any accidents, injury, occurrence or claim that might give rise to a liability or claim against Franchisor or which could materially affect Franchisee's business, and such notice shall be provided no later than the date upon which Franchisee notifies Franchisee's insurance carrier.

### **ARTICLE XIII**

#### **RELATIONSHIP OF THE PARTIES; INDEMNIFICATION**

13.1 The relationship between Franchisor and Franchisee is strictly that of a franchisor and franchisee, and Franchisee shall be deemed to be an independent contractor. This Agreement does not create a fiduciary relationship between Franchisor and Franchisee, joint venture, partnership, or agency, and any act or omission of either party shall not bind or obligate the other except as expressly set forth in this Agreement.

13.2 Franchisee recognizes that Franchisor has entered into this Agreement in reliance upon and in recognition of the fact that Franchisee will have full responsibility for the management and operation of the business, and that the amount of profit or loss resulting from the operation of the business will be directly and solely attributable to the performance of Franchisee.

13.3 Except as expressly granted in this Agreement, Franchisee recognizes that nothing contained in this Agreement shall be construed as giving to Franchisee or to any other person or entity, any right or interest in Franchisor's names, Marks, trade secrets, methods, procedures or techniques developed by Franchisor and used in the System. Further, except as specifically set forth in Article I above, nothing contained in this Agreement shall be construed as limiting Franchisor's right, title or interest in the "Two Hands Corn Dogs" name, Marks, trade secrets, methods, procedures and techniques which are a part of the System or Franchisor's sole and exclusive right to register trade secrets, methods, procedures and techniques.

13.4 In all public records and prominently displayed in Franchisee's Outlet and in Franchisee's relationship with third parties, as well as on letterheads and business forms, Franchisee shall indicate clearly the independent ownership of Franchisee's Outlet, and that the operations of same are separate and distinct from the operation of Franchisor's business. Franchisor shall have the absolute right to approve and/or supply any sign displays containing the foregoing.

13.5 Franchisor shall have no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Outlet or its assets, or upon Franchisor in connection with sales made, services performed or business conducted by Franchisee.

13.6 Franchisee shall indemnify and hold Franchisor and its subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees harmless against, and to reimburse them for any loss, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with Franchisee's ownership or operation of the Outlet, which is due to Franchisee's negligence, breach of contract or other civil wrongs, unless such loss, liability or damage is solely due to the negligence of Franchisor (or any of



its affiliates, i.e., any company controlling, controlled by, or under common control with Franchisor) in producing, handling or storing the proprietary food items sold to Franchisee (provided Franchisor shall have established that Franchisee inspected such proprietary food items in accordance with the procedures set forth in the Confidential Operations Manuals and could not have reasonably discovered the adulteration or other defect in such proprietary food items which was the case of such loss, liability or damage). Franchisee acknowledges and agrees that any action or inaction by any third party (e.g., an independent carrier) which is not an affiliate of Franchisor in connection with handling or storing the Products shall not be attributable to or constitute negligence of Franchisor.

#### **ARTICLE XIV**

#### **COVENANTS NOT TO COMPETE AND OTHER RESTRICTIVE COVENANTS**

14.1 Franchisee specifically acknowledges and agrees that prior to becoming a franchisee of Franchisor, Franchisee had no experience, information or knowledge whatsoever about hot dogs, corn dogs or a Two Hands Corn Dogs Outlet, and that Franchisee's knowledge of the Two Hands Corn Dogs Confidential Information was obtained solely from Franchisor, following Franchisee's training by Franchisor and Franchisee's subsequent operation of the Franchised Outlet under this Agreement. In addition, Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, Two Hands Corn Dogs Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the Two Hands Corn Dogs System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy.

14.2 During the term of this Agreement, or any extension thereof, Franchisee and each Owner covenants that except as otherwise approved in writing by Franchisor, Franchisee and each Owner shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, or legal Entity (i) divert or attempt to divert any present or prospective Two Hands Corn Dogs customer to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Two Hands Corn Dogs Marks and the System, (ii) employ or seek to employ any person who is or has been within the preceding ninety (90) days employed by Franchisor or an affiliate of Franchisor as a supervisory or managerial employee, or otherwise directly or indirectly induce the person to leave his or her employment, or (iii) own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business, provided, however, the restrictions stated in this Section 14.2 shall not apply to any Owner after two (2) years from the date the Owner ceases to be an officer, director, shareholder member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Franchisee. "Entity" shall mean any limited liability company, partnership, trust, association, corporation or other entity, which is not an individual. "Owner" as used herein shall mean each of the individuals listed on Exhibit I and each direct or indirect shareholder, member, general or limited partner, trustee or other equity owner of Franchisee. If Franchisee is an Entity, each Owner and each Owner's spouse shall jointly and severally guarantee Franchisee's payment and performance of its obligations under this Agreement under a Guarantee in the form of Exhibit B. "Competitive Business" shall mean any Outlet business that prepares, offers and sells hot dogs and corn dogs as its primary menu items and any business that looks like, copies, imitates, or operates with similar trade dress or décor to the Franchised Outlet.

14.3 Except as Franchisor otherwise approves in writing, commencing upon the date of (i) an assignment, transfer or sale permitted under Article XX, (ii) the expiration this Agreement, (iii) the termination of this Agreement (regardless of the cause for termination), or (iv) a final court order (after all

appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 14.3, and continuing for an uninterrupted period of two (2) years thereafter, Franchisee and each Owner shall not:

A. Engage, employ or compensate or seek to employ any person who is at that time engaged, operating or employed by or at any other Outlets, or to otherwise directly or indirectly induce such person to leave employment at any Outlet;

B. Solicit business from customers of Franchisee's former Outlet or contact any of Franchisor's suppliers or vendors for any Competitive Business purpose; or

C. Either directly or indirectly for himself or on the behalf of, or in conjunction with, any other person, persons, partnership, association or corporation, own, maintain, engage in, participate in, or have any interest in the operation of any Competitive Business, or which distributes, produces, produces or sells the Products within the "Minimum Area of Competition." The "Minimum Area of Competition" shall be deemed to be that area which is within a radius of ten (10) miles from Franchisee's Outlet, or any other Outlet in operation on the effective date of termination or expiration, whether franchised or company-owned.

14.4 If Franchisee fails or refuses to comply with any covenants of this Article, even if such failure or refusal is based upon a claim that the laws of any particular jurisdiction excuse such non-compliance, or make the provisions unenforceable in whole or in part, and provided that the jurisdiction in which Franchisee's Outlet is located permits, Franchisee separately covenants and agrees that while this Agreement is in effect and for two (2) years after its termination, except where termination occurs due to the fault or action of Franchisor and not due to default of Franchisee, Franchisor shall have the right to require that all sales made in the operation of any business which directly or indirectly competes with: (a) Franchisor; (b) Outlet; or (c) the System, or which distributes, produces or sells any of the Products (i) anywhere, if this Agreement is then in effect, or (ii) within the Minimum Area of Competition, if this Agreement has been terminated, shall be reported to Franchisor. Franchisee agrees to pay Franchisor upon demand, the weekly fee of One Thousand Dollars (\$1,000) at the times and in the manner specified in Article V above, all without being deemed to revive, modify or expand this Agreement. The covenants of this Article shall survive the termination or expiration of this Agreement.

14.5 Franchisee shall not, during the term of this Agreement or after its termination or non-renewal, communicate or divulge to any other person, persons, partnership or corporation, any information or knowledge concerning the methods of operation used in a restaurant franchise, nor shall Franchisee disclose or divulge, in whole or in part, any trade secrets of Franchisor or its affiliated companies or subsidiaries.

14.6 During the term of this Agreement and for a period of two (2) years after its expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, Franchisee covenants not to disparage Franchisor and its affiliates and their current and former employees, officers, directors or shareholders, or interfere with any business relationship of Franchisor or contract to which Franchisor is a party. During the term of the Agreement, Franchisee further covenants not to do or perform any act harmful, prejudicial or injurious to Franchisor, the Marks or the System.

14.7 The covenants contained in Sections 14.2, 14.3, 14.3, 14.4, 14.5 and 14.6 above shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound

by any lesser covenant subsumed with the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated and made a part of this Article.

14.8 Franchisee acknowledges that the foregoing restrictions are reasonable, are not vague or indefinite, and are designed to protect the legitimate business interests of Franchisor, and that in the event of a breach of covenants contained in this paragraph, the damage to Franchisor would be difficult to ascertain. In addition to the liquidated damages payable to Franchisor as provided below for the breach of any or all of the above covenants, Franchisor shall be entitled to seek injunctive and/or other equitable relief against the violation of any of those covenants, together with reasonable attorneys' fees and costs.

14.9 Covenants contained in this Article shall be construed as severable and independent and shall be interpreted and applied consistent with the requirements of reasonableness and equity. Any judicial reformation of these covenants consistent with this interpretation shall be enforceable as though contained in this Agreement and shall not affect any other provisions or terms of this Agreement.

14.10 Covenants contained in 14.2, 14.3 and 14.4 shall not apply to ownership by Franchisee or an Owner of a less than five percent (5%) beneficial interest in the outstanding equity securities of any Competitive Business registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

14.11 Franchisee shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Article XIV (including covenants applicable upon the termination of a person's relationship with Franchisee) from all Owners. Every covenant required by this Section 14.11 shall be in a form acceptable to Franchisor, and shall include, without limitation, a designation of Franchisor as a third party beneficiary of the covenants with the independent right to enforce them.

## **ARTICLE XV**

### **MODIFICATION OF THE SYSTEM**

Franchisee understands and agrees that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends, other market place variables and the needs of customers, and to best serve the interests of Franchisor, Franchisee and all other franchisees. Accordingly, Franchisee expressly understands and agrees that Franchisor may from time to time change the components of the System, including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those programs and services which Franchisee's Outlet is authorized to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which Franchisee is required to observe hereunder; and changing, improving or modifying the Marks. Subject to the other provisions of this Agreement, Franchisee expressly agrees to abide by any such modifications, changes, additions, deletions and alterations, provided, however, that those changes do not materially and unreasonably increase Franchisee's obligations under this Agreement.

Franchisee shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

Except as provided in this Agreement, Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor or

any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

## **ARTICLE XVI** **FRANCHISEE**

The term “Franchisee” shall include all persons who succeed to the interest of the original Franchisee by transfer or operation of law, and shall be deemed to include not only the individual or entity defined as “Franchisee” in the introductory paragraph of this Agreement, but shall also include partners of the entity that execute this Agreement in the event the entity is a partnership, and all shareholders, officers and directors of the entity that execute this Agreement in the event the entity is a corporation, and all members, officers and managers of the entity that execute this Agreement in the event the entity is a limited liability company. By their signatures to this Agreement, all partners, shareholders, officers and directors of the entity that signs this Agreement as Franchisee acknowledge and accept, jointly and severally, the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. The singular usage includes the plural and the neuter and masculine usages include the other and the feminine.

## **ARTICLE XVII** **TERMINATION**

17.1 Franchisor may terminate this Agreement upon the occurrence of any of the following events of default:

- A. Failure by Franchisee to make complete and timely payment of any and all fees and billings due Franchisor or any of its subsidiary or affiliated corporations;
- B. Failure by Franchisee to begin operating the Franchised Outlet as directed by Franchisor, taking into account delays due to events beyond Franchisee’s reasonable control;
- C. Failure to comply with the reporting or record keeping requirements of this Agreement, and/or the under-reporting of Gross Sales by two percent (2%) or more;
- D. The misstatement by Franchisee of any material fact, or failure to disclose or the understatement of any material fact in any report furnished to Franchisor pursuant to this Agreement or the Confidential Operations Manuals, whether or not such misstatement or failure to disclose or understatement is intentional;
- E. A breach by Franchisee of any provision of this Agreement, any failure to comply with any provision of the Confidential Operations Manuals, or any other agreement between Franchisor and Franchisee or any of its subsidiary or affiliated corporations;
- F. Failure by Franchisee to make good faith efforts to carry out the provisions of this Agreement;
- G. Any pledge or attempted pledge of Franchisor’s credit by Franchisee, or an attempt by Franchisee to bind Franchisor to any obligation;

H. Failure by Franchisee to participate in the advertising, promotional, or marketing activities, services, and programs that are established by Franchisor or Franchisor's Marketing Fund;

I. Misuse or unauthorized disclosure by Franchisee of the Confidential Operations Manuals, information or materials;

J. Failure to use or sell any of the proprietary food items to the exclusion of those of any competitors and the failure to perform all of the services required by Franchisor, including but not limited to the forwarding of copies of all health or sanitation or other regulatory agency reports to Franchisor immediately upon receipt thereof;

K. Failure to open Franchisee's Outlet at the location designated by Franchisee within the time specified in the lease or sublease;

L. Except as otherwise provided herein, failure by Franchisee to purchase Franchisee's entire requirement of any of the proprietary food items either from Franchisor or from sources of supply designated by Franchisor and to sell the same to the consuming public using Franchisee's best efforts;

M. Failure to correct any local, state or municipal healthy or sanitation law or code violation within twenty-four (24) hours after being cited for such violation;

N. Sale of any proprietary food items to other than the retail customer (ultimate consumer), without Franchisor's prior consent; or

O. Failure by Franchisee to timely and promptly meet any obligations (including monetary and other outstanding obligations) with any of the approved or designated suppliers for the System or failure to comply with any provision of Franchisee's agreement with any such suppliers for the System that results in the suspension or cessation of the supply of the applicable goods or services.

17.2 To terminate Franchisee for default of this Agreement pursuant to Section 17.1 above, Franchisor shall first provide Franchisee with written notice of termination, which notice shall specify the reason for and the Effective Date of Termination. This Agreement shall terminate on the date specified in the notice, which shall be thirty (30) days from the date of the notice (but five (5) days from the date of the notice in the event of a monetary default) or such longer period as provided by applicable state law, unless:

A. Franchisee cures the default or reason for termination during the notice period;

B. Franchisee has in good faith initiated a cure of the default or reason for termination within the notice period, and such default or reason cannot be completely cured during the notice period because of factors reasonably beyond the exclusive control of Franchisee, in which event Franchisor, by notice, shall permit Franchisee a reasonable opportunity, in light of such factors, to effect a complete cure; or

C. The provisions of Subsection 17.2 A and B notwithstanding, this Agreement shall nonetheless terminate if: (i) the default or reason for termination has been set forth in two (2) prior notices of termination within any prior twelve (12) month period; or (ii) two (2) or more health code violations have been committed within any prior twelve (12) month period.

17.3 Upon written notice to Franchisee, Franchisor may, without right to cure, immediately terminate this Agreement if any of the following events of default occur:

A. Any action by Franchisee, any of Franchisee's partners, if Franchisee is a partnership, or any of its officers, directors or stockholders, if Franchisee is a corporation, which results in:

- (i) An affirmative act of insolvency;
- (ii) An assignment for the benefit of creditors; or
- (iii) The filing of a petition under any bankruptcy, reorganization, insolvency, or moratorium law, or any law for the relief of, or relating to, debtors, except with respect to any relief permitted under the Federal Bankruptcy Code.

B. The filing of any involuntary petition under any bankruptcy statute against Franchisee, any of its partners, or any of its stockholders owning at least twenty-five (25%) percent of any class of stock, or the appointment of any receiver or trustee to take possession of property of Franchisee, any of its partners, or any of its stockholders owning at least twenty-five (25%) percent of any class of stock of Franchisee;

C. Failure by Franchisee to satisfy fully a civil judgment obtained against Franchisee for a period of more than thirty (30) days after all rights of appeal have been exhausted, or execution of such a judgment, execution of a lien, or foreclosure by a secured party or mortgage against Franchisee's property, which judgment, execution of a lien, or foreclosure by a secured party or mortgage would have an adverse or detrimental effect upon Franchisee's franchised operation;

D. Franchisee, or any partner of Franchisee, or any officer, director, or stockholder owning at least twenty-five (25%) percent of any class of stock of Franchisee, or the manager of Franchisee's franchise, is convicted of or pleads guilty to no contest to any crime which in the opinion of Franchisor would adversely affect the goodwill or interest of Franchisee or Franchisee's Outlet;

E. The uncured default by Franchisee under any lease or sublease of Franchisee's Outlet which could possibly result in the loss by Franchisee of the right to possess for any reason whatsoever;

F. A final judgment or the unappealed decision of a court, regulatory officer, agency, or quasi-regulatory agency that results in the temporary or permanent suspensions or revocation of any permits or licenses, possession of which is a prerequisite to the operation of Franchisee's business or is required under applicable law;

G. The direct or indirect assignment, transfer, sale or encumbrance by Franchisee of this Agreement or franchise or any of Franchisee's rights or privileges contrary to this Agreement, or any attempt by Franchisee to sell, assign, transfer or encumber the Outlet contrary to the terms of this Agreement;

H. Failure by Franchisee to remain open for business as required by this Agreement or as may be required by the Confidential Operating Manuals, as may be limited by local law or the prime landlord, or the abandonment or vacating by Franchisee of Franchisee's Outlet or for three (3) or more consecutive days (or for such other period as would be grounds for termination of Franchisee's sublease);

I. Dissolution, judicial or otherwise, or liquidation of Franchisee, if Franchisee is a corporation or partnership;

J. Franchisee's engaging in any conduct or practice that, in the reasonable opinion of Franchisor, is detrimental or harmful to: the good name, goodwill or reputation of Franchisor or its products or other franchisees or the public;

K. Franchisee's engaging in any conduct or practice that is a fraud upon consumers, or is an unfair, unethical, or deceptive trade, act or practice;

L. Unauthorized or improper use by Franchisee of Franchisor's Marks;

M. A threat or danger to public health or safety resulting from the construction, maintenance or operation of the Franchised Outlet, or Franchisee's operation of the Franchised Outlet in a fashion that, in Franchisor's business judgment, in any way jeopardizes the life, health or safety of the general public, Franchisee's customers and/or employees (in such case, then not only may Franchisor terminate this Agreement upon notice, but Franchisee agrees that Franchisor may either beforehand or concurrently direct Franchisee to immediately close the Franchised Outlet);

N. Any material misrepresentation by Franchisee or any of its owners in connection with the execution of this Agreement or the operations of the Franchised Outlet;

O. Failure by Franchisee, for a period of ten (10) days after having received notification of noncompliance from Franchisor or any governmental authority, to comply with any federal, state or local law or regulation applicable to the operation of the Franchised Outlet; or

P. Franchisee is found to be under-reporting Gross Sales by two percent (2%) or more and/or knowingly maintaining false books or records.

17.4 In order to prevent any interruption of the Outlet operations which would cause harm to the System, if Franchisee is unable, in the sole and reasonable judgment of Franchisor, to operate the Outlet or upon Franchisee's failure to cure any default within the applicable time period (if any) provided under this Agreement, Franchisee authorizes Franchisor, who may, at its option, operate the Outlet for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement. All monies from the operation of the Outlet during such period of operation by Franchisor shall be kept in a separate account, the expenses of the Outlet, including reasonable compensation and expenses for Franchisor's representative, shall be charged to that account. Franchisor also has the right to charge a management fee of twenty percent (20%) of the Gross Sales earned during the period that Franchisor's appointed manager operates the Outlet. If, as provided in this Section 17.4, Franchisor temporarily operates the Outlet for Franchisee, Franchisee will indemnify and hold harmless Franchisor and any representative of Franchisor who may act under this Agreement, from any and all acts which Franchisor may perform, as regards the interests of Franchisee or third parties.

## **ARTICLE XVIII**

### **RIGHTS AND DUTIES OF THE PARTIES**

### **UPON EXPIRATION OR TERMINATION**

18.1 For the purpose of this Agreement, the "Effective Date of Termination" shall be the date indicated in any notice of termination sent pursuant to Section 17.2 or 17.3 of this Agreement or the day after the Initial Term, as set forth in Section 4.1 of this Agreement.

18.2 Upon the Effective Date of Termination, Franchisee shall no longer be an authorized franchisee, and Franchisee shall pay all sums of money due Franchisor or any of its subsidiary or affiliated corporations within fifteen (15) days of the Effective Date of Termination, unless Franchisor gives written notice of an extension of this period.

18.3 Upon the Effective Date of Termination, Franchisee shall discontinue the use of all Marks owned by or associated with Franchisor and all similar names and marks, or any other designation or mark associating Franchisee with the System. If Franchisee is a corporation or partnership and, notwithstanding the prohibition of utilizing the "Two Hands" or "Two Hands Corn Dogs" name in its corporate or partnership name, has used the "Two Hands" or "Two Hands Corn Dogs" name or any names, marks or designations that associate Franchisee with Franchisor in its corporate or partnership name, Franchisee shall, within fifteen (15) days of the Effective Date of Termination, take all necessary steps to eliminate "Two Hands" or "Two Hands Corn Dogs" from its corporate or partnership name, at Franchisee's own cost and expense.

18.4 Upon the Effective Date of Termination, Franchisee shall cease displaying and using all signs, stationery, letterheads, forms, manuals, printed matter, advertising, and other material containing the Marks, "Two Hands" or any other names, marks, or designations that associate Franchisee with the System. In addition, Franchisee shall, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in the sole discretion of Franchisor, is likely to cause confusion, mistake or deception, or which, in the sole discretion of Franchisor, is likely to dilute the rights of Franchisor in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description or representation (including but not limited to reference to Franchisor, the System or the Proprietary Marks) which, in the sole discretion of Franchisor, suggests or represents a present or former association or connection with Franchisor, the System or the Proprietary Marks.

18.5 After the Effective Date of Termination, Franchisee shall not take any action indicating or implying that Franchisee is an authorized franchisee.

18.6 Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark "Two Hands Corn Dogs" or any other Proprietary Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

18.7 Franchisee shall maintain all financial records and reports required pursuant to this Agreement or the Confidential Operations Manuals for a period of not less than three (3) years after the Effective Date of Termination. Franchisee shall permit Franchisor to make final inspection of Franchisee's financial records, books, tax returns, and other accounting records at any time in the three (3) year period following the Effective Date of Termination.

18.8 Upon the Effective Date of Termination, Franchisee shall, pursuant to the lease or sublease or conditional lease assignment and upon demand of Franchisor, vacate and surrender the Outlet premises in accordance with the terms and conditions under the terms of the lease, sublease and/or conditional lease assignment.

18.9 Upon the Effective Date of Termination, Franchisee shall cease all use of telephone numbers and business listings used by Franchisee while conducting business as a "Two Hands Corn Dogs" franchise and shall promptly execute such documents or take such steps necessary to remove Franchisee's



listing as a “Two Hands Corn Dogs” franchise from the “Yellow Pages”, all other telephone and online business directories, and all other trade or other business directories.

18.10 Within fifteen (15) days from the Effective Date of Termination of this Agreement, Franchisee shall immediately turn over to Franchisor all manuals, including the Confidential Operations Manuals, records, files, instructions, recipes, menus, correspondence, any and all materials relating to the operation of the Franchised Business in Franchisee’s possession, and all copies of such written materials (all of which are acknowledged to be Franchisor’s property), and shall retain no copy or record of any of the foregoing, except only Franchisee’s copy of this Agreement, and of any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law and the records described in Section 18.7 above.

18.11 If Franchisor notifies Franchisee of its intent to do so within ten (10) days after the Effective Date of Termination, Franchisor shall have the right (but not the duty) to purchase any or all of the signs, advertising material, supplies, equipment and any items bearing Franchisor’s Marks at Franchisee’s cost or fair market value, whichever is less. If the parties cannot agree on fair market value within a reasonable time, each party shall designate an independent qualified appraiser, and their joint determination shall be binding on both parties. If these appraisers are unable to agree upon a fair market value, they will designate a third, approved appraiser whose determination shall be binding upon both parties. If Franchisor elects to exercise its option to purchase, it shall have the right to set off all amounts due from Franchisee under this Agreement, and the cost of the appraisal, if any, against any payment therefor. Franchisor may exclude from the items purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Outlet’s operation or that Franchisor has not approved as meeting standards for the Outlet.

18.12 No right or remedy conferred upon or reserved to Franchisor in this Agreement is exclusive of any other right or remedy contained in this Agreement, or provided or permitted by law or equity, but each shall be cumulative of every other right or remedy.

18.13 Nothing contained in this Agreement shall be deemed to relieve Franchisee of any obligations or responsibilities or liabilities incurred by Franchisee during the term of this Agreement or any renewal term, or Franchisee’s lease or sublease and which obligations, responsibilities or liabilities shall survive the termination, expiration or non-renewal of this Agreement, Franchisee’s lease or sublease.

18.14 Liquidated Damages. In addition to and without in any way limiting other remedies herein, Franchisee shall pay to Franchisor, as liquidated damages and not as a penalty, in addition to all sums otherwise due hereunder, the sum produced by multiplying thirty-six (36) by the average actual monthly Royalty Fees for which Franchisee was obligated during the term hereof. If less than thirty-six (36) months remain in the term hereof at the time of such termination, then the number of remaining months shall be substituted for the number of thirty-six (36). Such sum shall be fully due and payable within ten (10) days of receipt of notice thereof from Franchisor. Franchisee acknowledges the reasonableness of this liquidated damages provision as a measurement on Franchisor’s lost future profits.

## **ARTICLE XIX**

### **COMMENCEMENT AND HOURS OF OPERATIONS**

Franchisee recognizes that continuous and daily availability of any of the proprietary food items and Products to the public is essential to the adequate promotion of Franchisee’s Outlet, and that any failure to provide such availability affects Franchisor both locally and nationally. Franchisee shall make Franchisee or Franchisee’s trained manager personally available to provide the Products to the consuming

public at a minimum of ten (10) hours per day, seven (7) days per week, or as required by any lease or sublease if different, except where prohibited or otherwise regulated by a governmental authority, including any state or local licensing authority, and shall otherwise conduct the business in accordance with generally accepted business standards. These requirements may be changed by Franchisor from time to time and upon reasonable notice to Franchisee and may differ from one franchisee to another, based upon the specific characteristics of a particular location.

## **ARTICLE XX**

### **TRANSFERABILITY OF INTEREST**

20.1 Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee, and that neither this Agreement nor the franchise granted shall be assignable or transferable by Franchisee, nor may the same be mortgaged, pledged or encumbered by him without the express prior written consent of Franchisor. Any purported assignment, mortgage, pledge or encumbrance of any rights under this Agreement or the franchise, without the prior written consent of Franchisor, shall be null and void. The issuance or transfer of any stock (including by way of any public stock offering) or partnership interest(s) in Franchisee, or its merger, a consolidation or dissolution, if Franchisee is a corporation or a partnership, shall be deemed an assignment of this Agreement and of the franchise.

20.2 If Franchisee is an individual, Franchisor hereby consents, upon thirty (30) days' prior written notice, to the assignment by Franchisee of all of Franchisee's rights and benefits under this Agreement to a corporation of which Franchisee owns at least a majority of the voting and equity stock, provided that:

A. Such corporation is newly organized and its activities and corporate purposes are confined exclusively to acting as an Outlet franchised under this Agreement;

B. Such corporation and all of its stockholders execute a Transfer of Franchise to a Corporation form, or such other form as shall be provided or approved by Franchisor, in which they jointly and severally assume all of the past and future obligations of Franchisee under this Agreement, to the same extent as if they had originally executed this Agreement as Franchisee;

C. Franchisee or Franchisee's designated manager actively manages such corporation and continues to devote Franchisee's best efforts and full and exclusive time to the day-to-day operation and development of the franchise and the business of the Outlet and Franchisee shall remain personally liable in all respects under this Agreement, including but not limited to payment for the purchase of any of the Products, jointly and severally with such corporation and any and all other stockholders thereof; and

D. All stock certificates of such corporation bear a legend substantially in the following form, which shall be printed legibly and conspicuously on the front of each such stock certificate:

**“The transfer of this stock certificate is subject to the terms and conditions of a certain Franchise Agreement entered into with Two Hands America, Inc. dated \_\_\_\_\_, 20\_\_”.**

20.3 If Franchisee, any stockholder or partner of a corporate or partnership Franchisee, or any legal heir or legatee of any deceased Franchisee, or of any deceased stockholder or partner of any corporate or partnership Franchisee, desires to effect any sale or assignment of any partnership interest, stock or other

interest in this Agreement, or of Franchisor's rights and benefits under this Agreement, including, without limitation, the franchise granted by this Agreement, and/or the ownership or sublease for the Outlet franchised by this Agreement, Franchisee or such other authorized person or party shall give Franchisor written notice of all of the terms of any such bona fide offer within fifteen (15) days after receipt of such offer, and providing Franchisor with all other documents and data required prior to Franchisor approving the sale. Franchisor shall have the right of first refusal, for a period of fifteen (15) days after receipt of such notice, to notify Franchisee or such other authorized person or party of Franchisee's desire to exercise such option under the same terms and conditions as the bona fide offer. If Franchisor fails to exercise such option in the time period allotted, then Franchisee shall be free to contract with the person who made such bona fide offer solely on the same terms and conditions, subject to Franchisee's compliance with all of the other terms and provisions of this Agreement. In the event the terms of such bona fide offer change at any time, then at the time of any change, Franchisee must re-offer the franchise to Franchisor for an additional fifteen (15) day period.

20.4 In addition to all of the other conditions set forth in Sections 20.2 and 20.3 above that pertain to the right of Franchisee to assign, transfer or sell the license created hereunder, Franchisee agrees that any and all rights of assignment, transfer or sale by Franchisee of this franchise and the its rights are conditioned upon compliance with each of the following:

A. Any such assignment, transfer, or sale shall be subject to the approval by Franchisor of such assignee, and of the moral and credit background of such assignee and any and all stockholders or partners of assignee, which approval shall not be unreasonably withheld;

B. The assignee, transferee, or purchaser, and all stockholders or partners thereof, if same is a corporation or partnership, shall at Franchisor's option either personally assume in writing all of the obligations of Franchisee, disclosed or undisclosed including all obligations under this Agreement, or execute the then-current Franchise Agreement, in the form used by Franchisor, except that the Royalty Fee and Marketing Fee under the then-current Franchise Agreement shall not be greater than that provided by Article V and IX above for the remainder of what would have been the initial term of this Agreement. However, Franchisor shall have the right to reasonably increase the Royalty Fee and the Marketing Fee, in conformity with the System, during any renewals of the Agreement;

C. Franchisee, such assignee, transferee or purchaser and any and all stockholders or partners thereof, shall execute a general release in favor of Franchisor, its officers, directors, and employees, of any and all claims and causes of action that they may have against Franchisor or its subsidiary or affiliated corporations in any way relating to this Agreement or the performance or non-performance under this Agreement by Franchisor;

D. All prior obligations and debts of Franchisee or corporate assignee of Franchisee owed to Franchisor under or in connection with this Agreement shall be paid concurrently with such assignment;

E. Franchisee must not be in default under this Agreement or any renewals of this Agreement or of any lease or sublease agreement to which Franchisee is a party;

F. Assignee, transferee or purchaser shall not be in the same business as Franchisor either as a franchisor, licensor, independent operator or franchisee of any chain or network which is similar in nature or in competition with Franchisor except that the assignee, transferee or purchaser may be an existing franchisee of Franchisor;

G. Prior to the effective date of the assignment, transfer or sale, the assignee, transferee, or purchaser must satisfactorily complete Franchisor's training program required of all new franchisees;

H. Assignee, transferee, or purchaser shall pay to Franchisor: (i) a non-refundable transfer review fee equal to Three Thousand Dollars (\$3,000) payable at the time Franchisee submits its transfer request to Franchisor to reimburse Franchisor for its legal and accounting fees, credit investigation, and other charges and expenses in connection with such assignment, transfer or sale, prior to any such assignment and upon submission of required documentation for Franchisor's review, whether or not the transfer is consummated; and (ii) a non-refundable training and transfer fee equal to Fifteen Thousand Dollars (\$15,000), upon Franchisor's consent and approval of such transfer, to reimburse Franchisor for its legal and accounting fees, training expenses, and other charges and expenses in connection with such assignment, transfer or sale;

I. Franchisee shall enter into an agreement with Franchisor agreeing to subordinate such assignee's, transferee's or purchaser's obligations to Franchisor, including, without limitation, any Royalty Fees and Marketing Fees, and any obligations of such assignee, transferee or purchaser to make installment payments of the purchase price to Franchisee; and

20.5 Franchisor shall have the right, without the need for Franchisee's consent, to assign, transfer or sell its rights under this Agreement to any person, partnership, corporation or other legal entity, provided that the transferee agrees in writing to assume all obligations undertaken by Franchisor in this Agreement 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. Franchisee further agrees and affirms that Franchisor may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, Marks (or any variation thereof) and System and/or the loss of association with or identification of Two Hands America, Inc. as Franchisor under this Agreement. Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

Franchisee acknowledges and agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business, regardless of the location of that chain's or business's facilities, and to operate, franchise or license those businesses and/or facilities as Two Hands Corn Dogs Outlets operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Franchisee acknowledges may be near to any of Franchisee's locations.

If Franchisor assigns its rights in this Agreement, nothing in this Agreement shall be deemed to require Franchisor to remain in the "Two Hands Corn Dogs" business or to offer or sell any products or services to Franchisee.

20.6 In addition to the requirements of this Article, Franchisee must, within fifteen (15) days of receipt of an offer to buy, give Franchisor additional written notice whenever Franchisee has received an offer from a third party to buy Franchisee's business franchised under this Agreement. Franchisee must also give Franchisor written notice simultaneously with any offer to sell Franchisee's Outlet made by, for,

or on behalf of Franchisee. The purpose of this Subsection is to enable Franchisor to comply with any applicable state or federal franchise disclosure law or rules. Franchisee will indemnify and hold Franchisor harmless for Franchisee's failure to comply with this Subsection.

20.7 Franchisor's consent to an assignment of any interest subject to the restrictions of this Agreement shall not constitute a waiver of any claims it may have against the assignor, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms or conditions of this Agreement by the assignee, transferee or purchaser.

20.8 If, subject to the restrictions and conditions of transfer contained in this Article, Franchisee shall attempt to raise or secure funds by the sale of securities (including, without limitation, common or preferred stock, bonds, debentures or general or limited partnership interests) in Franchisee or any affiliates of Franchisee, Franchisee, recognizing that the written information used with respect thereto may reflect upon Franchisor, will submit any such written information to Franchisor prior to its inclusion in any registration statement, prospectus or similar offering circular or memorandum and will obtain the written consent of Franchisor to the method of financing prior to any offering or sale of such securities. For each proposed offering, Franchisee shall pay Franchisor a non-refundable fee in an amount equal to Five Thousand Dollars (\$5,000) in order to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. The written consent of Franchisor pursuant to this Section 20.8 shall not imply or constitute the approval of Franchisor with respect to the method of financing, the offering literature submitted to Franchisor or any other aspect of the offering. No information respecting Franchisor or any of its affiliates shall be included in any securities disclosure document, unless such information has been furnished by Franchisor, in writing, pursuant to the written request of Franchisee, in which Franchisee states the specific purpose for which the information is to be used. Should Franchisor, in its sole discretion, object to any reference to Franchisor or any of its affiliates or any of their businesses in such offering literature or prospectus, such literature or prospectus shall not be used unless and until the objections of Franchisor are withdrawn. Franchisor assumes no responsibility for any offering.

The prospectus or other literature utilized in any such offering shall contain the following language in bold-face type on the first textual page thereof:

**“NEITHER TWO HANDS AMERICA, INC. NOR ANY OF ITS AFFILIATES ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION SET FORTH HEREIN, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO ANY OF THEM. NEITHER TWO HANDS AMERICA, INC. NOR ANY OF ITS AFFILIATES ENDORSES OR MAKES ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING.”**

Franchisee and each of its owners agrees to indemnify, defend and hold harmless Franchisor and its affiliates, and their respective officers, directors, employees and agents, from any and all claims, demands, liabilities, and all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred in the defense of such claims, demands or liabilities, arising from the offer or sale of such securities, whether asserted by a purchaser of any such security or by a governmental agency. Franchisor shall have the right (but not the obligation) to defend any such claims, demands or liabilities and/or to participate in the defense of any action to which Franchisor or any of its affiliates or any of their respective officers, directors, employees or agents is named as a party.

**ARTICLE XXI**  
**DEATH OR INCAPACITY OF FRANCHISEE**

21.1 In the event of the death or permanent incapacity or disability of Franchisee, i.e., Franchisee is unable to operate the Outlet as an individual franchisee, or any partner of a Franchisee which is a partnership, or any shareholder owning fifty percent (50%) or more of the capital stock of a Franchisee which is a corporation, Franchisor shall consent to a transfer of that Franchisee's interest to Franchisee's heirs, beneficiaries or family designees (referred to in this Article as "Transferee") without payment of a transfer fee, subject to the following conditions:

A. Transferee must complete, and be approved through, Franchisor's standard franchise selection process, including satisfactorily demonstrating to Franchisor that Transferee meets the financial character and managerial criteria as Franchisor shall then be applying in considering applications for new franchisees;

B. Transferee shall agree, in writing, to personally assume liability for and to perform all the terms and conditions of this Agreement to the same extent as the original Franchisee; and

C. If Transferee is not approved, Franchisee or Franchisee's legal representative shall use that person's best efforts to sell the Outlet to a party acceptable to Franchisor within twelve (12) months from the date of Franchisee's death or permanent incapacity or disability and Franchisor shall have the option, but not the obligation, to operate and/or manage the Outlet for the account of Franchisee's estate until the deceased or incapacitated Franchisee's interest is transferred to another party acceptable to Franchisor. Should Franchisor elect to operate and/or manage the franchised Outlet, Franchisor shall make a complete accounting and shall forward fifty percent (50%) of the net income for the operation of the Outlet to Franchisee's estate. If the conveyance of the Outlet to a party acceptable to Franchisor has not taken place within the twelve (12) month period, Franchisor shall have the option, but not the duty, to purchase the Outlet and its equipment at the fair market value thereof as determined by independent qualified appraisers selected by Franchisor and the estate. In the event that these appraisers cannot agree on a fair market value, a third appraiser shall be selected by the other two appraisers and that appraiser's determination shall be binding on both parties. However, if Franchisor chooses not to repurchase the Outlet, then it may elect to terminate this Agreement, in which event the business franchised under this Agreement will automatically revert back to Franchisor, with Franchisor being obligated to purchase the equipment and trade fixtures at their book value, as set forth in the last certified financial statement of Franchisee.

**ARTICLE XXII**  
**OPERATION IN THE EVENT OF ABSENCE OR DISABILITY**

In order to prevent any interruption of the Outlet operations which would cause harm to the Outlet, thereby depreciating its value, if Franchisee is absent for any reason or is incapacitated by reason of illness and is unable, in the sole and reasonable judgment of Franchisor, to operate the Outlet or upon Franchisee's failure to cure any default within the applicable time period (if any) provided under this Agreement, Franchisee authorizes Franchisor, who may, at its option, operate the Outlet for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement. All monies from the operation of the Outlet during such period of operation by Franchisor shall be kept in a separate account, the expenses of the Outlet, including reasonable compensation and expenses for Franchisor's representative, shall be charged to that account. Franchisor also has the right to charge a management fee of twenty percent (20%) of the Gross Sales earned during the period that Franchisor's appointed manager operates the Outlet. If, as provided in this Article, Franchisor temporarily

operates the Outlet for Franchisee, Franchisee will indemnify and hold harmless Franchisor and any representative of Franchisor who may act under this Agreement, from any and all acts which Franchisor may perform, as regards the interests of Franchisee or third parties.

### **ARTICLE XXIII** **INJUNCTIVE RELIEF**

23.1 If Franchisee is in default, except for default with respect to monies required to be paid by Franchisee to Franchisor, under any provisions of this Agreement, Franchisor shall be entitled to seek a permanent injunction and any preliminary or temporary equitable relief in order to restrain the violation of this Agreement by Franchisee or any person acting for Franchisee or in Franchisee's behalf. Franchisor shall be entitled to its reasonable attorneys' fees and courts costs in connection with taking such action or in connection with any other remedy sought by Franchisor, provided Franchisor is the prevailing party. This remedy shall be cumulative to any other remedy available to Franchisor.

23.2 Franchisee agrees that it is impossible to measure in money the damages which Franchisor will sustain in the event of Franchisee's breach of this Agreement and, therefore, in the event Franchisor institutes injunctive proceedings under this Article, Franchisee waives the defense that Franchisor has an adequate remedy at law.

### **ARTICLE XXIV** **RISK OF OPERATIONS**

FRANCHISEE RECOGNIZES THAT THERE ARE MANY UNCERTAINTIES AND RISKS OF THIS BUSINESS, AND, THEREFORE, FRANCHISEE AGREES AND ACKNOWLEDGES THAT, EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, NO REPRESENTATIONS, WARRANTIES, GUARANTEES OR AGREEMENTS HAVE BEEN MADE TO FRANCHISEE, EITHER BY FRANCHISOR OR BY ANYONE ACTING ON ITS BEHALF OR PURPORTING TO REPRESENT IT, INCLUDING, BUT NOT LIMITED TO, THE PROSPECTS FOR SUCCESSFUL OPERATIONS, THE LEVEL OF BUSINESS OR PROFITS THAT FRANCHISEE MIGHT REASONABLY EXPECT, OR THE DESIRABILITY, PROFITABILITY OR EXPECTED CUSTOMER VOLUME OF THE OUTLET. FRANCHISEE HEREBY ACKNOWLEDGES THAT ALL SUCH FACTORS ARE NECESSARILY DEPENDENT UPON VARIABLES WHICH ARE BEYOND FRANCHISOR'S CONTROL, INCLUDING, WITHOUT LIMITATION, THE ABILITY, MOTIVATION, AMOUNT AND QUALITY OF EFFORT EXPENDED BY FRANCHISEE. FRANCHISEE RELEASES FRANCHISOR, ITS SUBSIDIARY OR AFFILIATED CORPORATIONS, OFFICERS, DIRECTORS, AFFILIATES AND EMPLOYEES FROM ANY CLAIMS, SUITS AND LIABILITY RELATING TO THE OPERATION OF FRANCHISEE'S OUTLET INCLUDING, BUT NOT LIMITED TO, THE RESULTS OF ITS OPERATIONS, EXCEPT TO THE EXTENT THAT THE SAME IS PREDICATED UPON THE BREACH OF A SPECIFIC WRITTEN OBLIGATION OF FRANCHISOR CONTAINED IN THIS AGREEMENT.

### **ARTICLE XXV** **OTHER OBLIGATIONS**

Nothing contained in this Agreement shall inhibit or limit the unrestricted right of Franchisor to enter into or engage in any business or in the sale itself, or the licensing to others for the sale, of the

proprietary food items other than the limitations imposed upon Franchisor by Article I above; Franchisee shall have no rights, benefits or entitlement with respect thereto.

#### **ARTICLE XXVI** **FORCE MAJEURE**

Franchisee's monetary obligations under this Agreement, and (iii) as otherwise specifically provided in this Agreement, if either party to this Agreement shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, war, acts of terror, riots, insurrection, acts of God, Pandemic (as hereinafter defined), inclement weather, failure of power, restrictive governmental law or regulations, or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Agreement not the fault of such party (a "Force Majeure"), then performance of such act shall be excused during the period of such Force Majeure. The party whose performance is affected by a Force Majeure shall give prompt, written notice to the other party of such Force Majeure. If there shall be a Force Majeure that Franchisor deems economically harmful or otherwise detrimental to Franchisor or the System, then Franchisor shall be entitled to terminate this Agreement on 90 days' written notice to Franchisee; provided, however, that Franchisor may withdraw such notice if, within such 90-day period, Franchisor determines that the economically harmful or otherwise detrimental effects have ceased. The term "Pandemic" shall mean an outbreak of a pandemic disease provided the outbreak is classified as a worldwide pandemic, including the United States, by the World Health Organization, and the Centers for Disease Control and Prevention. The provisions of this Section shall not: (a) operate to excuse Franchisee from prompt payment of its monetary obligations under this Agreement; nor (b) be applicable to delays resulting from the inability of a party to obtain financing or to proceed with its obligations under this Agreement because of a lack of funds.

#### **ARTICLE XXVII** **WAIVER OF VIOLATION OR DEFAULT**

Waiver by Franchisor or Franchisee of any violation or default hereunder shall not alter or impair either party's right with respect to any subsequent violation or default, nor shall any delay or omission on the part of either party to exercise any right arising from such violation or default alter or impair such party's rights as to the same or any future violation or default. An acceptance by Franchisor of any payment from Franchisee after the date on which such payment is due shall not operate as a waiver of Franchisee's default or violation hereunder, nor alter or impair Franchisor's rights with respect to such violation or default.

#### **ARTICLE XXVIII** **NOTICE AND TIME**

28.1 All communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when delivered personally or by fax transmission, or one (1) business day after being sent by overnight commercial courier service for next business day delivery, or five (5) days after being deposited in the United States mail, for certified or registered delivery, return receipt requested, postage prepaid. Notice to Franchisor shall be addressed to:



Notices to Franchisor:

Two Hands America, Inc.

3483 Satellite Blvd., Suite 302S

Duluth, GA 30096

Tel: (501) 247-1974

Attention: CEO

Notice to Franchisee shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Either party may designate another address at any time by written notice to the other. Additionally, all payments and reports, required to be made, by Franchisee under this Agreement shall be given to Franchisor at the above address, except that regular reports may be sent by regular mail.

28.2 Time is of the essence in this Agreement with respect to each and every provision in which time is a factor. Whenever this Agreement refers to a period of days, the first day to be counted shall be the first day following the designated action or event. For any period of five (5) or fewer days, only business days (excluding Saturdays, Sundays and national holidays) shall be counted. Unless expressly stated otherwise, any period longer than five (5) days shall be measured by calendar days, except that if the last day of any such period is not a business day, the period shall automatically be extended to the next business day.

## **ARTICLE XXIX**

### **APPLICABLE LAW AND VENUE**

29.1 This Agreement takes effect upon its acceptance and execution by Franchisor in California, and shall be interpreted and construed under the laws of California, which laws shall prevail in the event of any conflict of law.

29.2 No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

29.3 Nothing contained in this Agreement shall bar Franchisor's right to seek injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

29.4 Franchisee acknowledges that Franchisee has and will continue to develop a substantial and continuing relationship with Franchisor at its principal offices in the State of California, where Franchisor's decision-making authority is vested and franchise operations are conducted and supervised. Therefore, the parties irrevocably agree and consent that in any action or proceeding brought by either party to this Agreement, in the event the arbitration provision in Article XXX is found invalid, unenforceable or illegal, each will submit to the exclusive jurisdiction and venue of any local, state or federal court located in Los Angeles County, California.

29.5 The parties agree to waive, now and forever, any and all rights either may have under the federal RICO statute.

29.6 The parties waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other, and agree that in the event of a dispute between them, each shall be limited to the recovery of any actual damages sustained by it. The parties irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of them.

29.7 In the event Franchisor employs legal counsel or incurs other expense to enforce any obligation of Franchisee under this Agreement, or to defend against any claim, demand, action or proceeding by reason of Franchisee's failure to perform any obligation imposed upon Franchisee by this Agreement, Franchisor shall be entitled to recover from Franchisee the amount of all reasonable attorneys' fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter.

29.8 Franchisee agrees that he/she/it will not, on grounds of the alleged non-performance by Franchisor of any of its obligations under this Agreement, withhold payment of any Royalty Fee, advertising contributions or any other amounts due to Franchisor.

### **ARTICLE XXX** **ARBITRATION**

30.1 EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN THIS AGREEMENT, THE PARTIES AGREE THAT ALL CONTRACT DISPUTES THAT CANNOT BE AMICABLY SETTLED BETWEEN THEM SHALL BE DETERMINED SOLELY AND EXCLUSIVELY BY ARBITRATION UNDER THE FEDERAL ARBITRATION ACT, AS AMENDED, AND IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR THEREOF. ARBITRATION SHALL TAKE PLACE IN LOS ANGELES COUNTY, CALIFORNIA.

30.2 EACH PARTY SHALL SELECT ONE (1) ARBITRATOR (WHO SHALL NOT BE COUNSEL FOR THE PARTY), AND THE TWO (2) SO DESIGNATED SHALL SELECT A THIRD ARBITRATOR. IF EITHER PARTY SHALL FAIL TO DESIGNATE AN ARBITRATOR WITHIN SEVEN (7) DAYS AFTER ARBITRATION IS REQUESTED, OR IF THE TWO ARBITRATORS SHALL FAIL TO SELECT A THIRD ARBITRATOR WITHIN FOURTEEN (14) DAYS AFTER ARBITRATION IS REQUESTED, THEN AN ARBITRATOR SHALL BE SELECTED BY THE AMERICAN ARBITRATION ASSOCIATION OR ANY SUCCESSOR THERETO UPON APPLICATION OF EITHER PARTY. JUDGMENT UPON ANY AWARD OF THE MAJORITY OF THE ARBITRATORS SHALL BE BINDING AND SHALL BE ENTERED IN A COURT OF COMPETENT JURISDICTION. THE AWARD OF THE ARBITRATORS MAY GRANT ANY RELIEF WHICH MIGHT BE GRANTED BY A COURT OF GENERAL JURISDICTION, INCLUDING, WITHOUT LIMITATION, BY REASON OF ENUMERATION, AWARD OF DAMAGES (BUT EXCLUDING INJUNCTIVE RELIEF), AND MAY, IN THE DISCRETION OF THE ARBITRATORS, ASSESS, IN ADDITION, THE COSTS OF ARBITRATION, INCLUDING THE REASONABLE FEES OF THE ARBITRATORS AND REASONABLE ATTORNEYS' FEES, AGAINST EITHER OR BOTH PARTIES, IN PROPORTIONS AS THE ARBITRATORS SHALL DETERMINE.

30.3 NOTHING CONTAINED IN THIS AGREEMENT SHALL BAR EITHER PARTY FROM SEEKING AND OBTAINING TEMPORARY AND PERMANENT INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION CONSISTENT WITH THIS ARTICLE XXX IN ACCORDANCE WITH APPLICABLE LAW AGAINST THREATENED CONDUCT THAT WILL, IN SUCH PARTY'S DISCRETION, CAUSE SUCH PARTY LOSS OR DAMAGE.

30.4 THE PARTIES INTEND THAT ANY ARBITRATION BETWEEN FRANCHISEE AND FRANCHISOR REGARDING A CLAIM OF FRANCHISEE SHALL BE OF FRANCHISEE'S INDIVIDUAL CLAIM, AND THAT NO SUCH CLAIM SUBJECT TO ARBITRATION SHALL BE ARBITRATED ON A CLASS-WIDE BASIS.

30.5 FRANCHISEE SHALL NOT ASSERT ANY CLAIM OR CAUSE OF ACTION AGAINST FRANCHISOR, ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES OR AFFILIATES AFTER ONE (1) YEAR FOLLOWING THE EVENT GIVING RISE TO SUCH CLAIM OR CAUSE OF ACTION.

### **ARTICLE XXXI** **ACKNOWLEDGMENTS**

31.1 FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISED BUSINESS, AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS, AND THAT FRANCHISEE'S SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

31.2 FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS RECEIVED, READ, AND UNDERSTOOD THIS AGREEMENT, INCLUDING ITS EXHIBITS; THAT FRANCHISOR HAS FULLY AND ADEQUATELY EXPLAINED THE PROVISIONS OF EACH TO FRANCHISEE'S SATISFACTION; AND THAT FRANCHISOR HAS ACCORDED FRANCHISEE AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF FRANCHISEE'S OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT.

31.3 FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS RECEIVED A COMPLETE COPY OF FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENTS, THIS AGREEMENT, THE EXHIBITS REFERRED TO IN THIS AGREEMENT, AND ANY OTHER AGREEMENTS RELATING HERETO, IF ANY, AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED.

31.4 FRANCHISEE ACKNOWLEDGES AND IS AWARE OF THE FACT THAT SOME FRANCHISEES OF FRANCHISOR MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND, CONSEQUENTLY, THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS IN RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

**ARTICLE XXXII**  
**ENTIRE AGREEMENT**

This Agreement, together with the Area Development Agreement, if applicable, and any other Franchise Agreements thereunder, constitutes the entire agreement between Franchisor and Franchisee with respect to the subject matter hereof, and this Agreement supersedes all prior and contemporaneous agreements between Franchisor and Franchisee in connection with its subject matter. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. In the event of any conflict between the terms of this Agreement and the terms of the Area Development Agreement, if applicable, or any other Franchise Agreement, the terms of this Agreement shall prevail. No officer, employee or other servant or agent of Franchisor or Franchisee is authorized to make any representation, warranty or other promise not contained in this Agreement. No change, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon Franchisor or Franchisee unless in writing and signed by Franchisor and Franchisee.

**ARTICLE XXXIII**  
**JOINT AND SEVERAL OBLIGATION**

If Franchisee consists of more than one (1) person, their liability under this Agreement shall be deemed to be joint and several.

**ARTICLE XXXIV**  
**SECURITY INTEREST**

Franchisee grants to Franchisor a security interest in all of Franchisee's interest in all leasehold improvements, furniture, furnishings, fixtures, equipment, inventory and supplies located at or used in connection with the Outlet, now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions and replacements therefore, and all cash and non-cash proceeds derived from insurance or the disposition of such collateral, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, of Franchisee to Franchisor. Franchisee agrees to execute and deliver to Franchisor in a timely manner all financial statements and other documents necessary or desirable to evidence, perfect and continue the priority of such security interests under the Uniform Commercial Code. For such purposes, the address of Franchisee and Franchisor are set forth in Article XXVIII of this Agreement. If Franchisee is in good standing, Franchisor will, upon request, execute subordinations of its security interest to suppliers, lenders and/or lessors furnishing equipment or financing for the Outlet.

**ARTICLE XXXV**  
**COUNTERPART; PARAGRAPH HEADINGS; PRONOUNS**

This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument. The paragraph headings in this Agreement are for convenience only, and shall not be deemed to alter or affect any of its provisions. Each pronoun used in this Agreement shall be deemed to include the other number of genders.

**ARTICLE XXXVI**  
**SEVERABILITY AND CONSTRUCTION**

36.1 Each section, part, term and provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, that shall not impair the operation of, or affect the remaining portions, parts, terms or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties, and the invalid sections, parts, terms or provisions shall be deemed not to be a part of this Agreement; provided, however, that if Franchisor determines that the finding of illegality adversely affects the basic consideration of this Agreement, Franchisor and Franchisee may terminate this Agreement.

36.2 Anything to the contrary in this Agreement notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity, other than Franchisor or Franchisee and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason of this Agreement.

36.3 Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law, which is subsumed within the terms of any provision hereof as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

36.4 All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision.

36.5 This Agreement shall be executed in two or more counterparts, and each copy so executed shall be deemed a duplicate original.

The parties have executed this Agreement on the date first written above.

FRANCHISOR

FRANCHISEE

By: \_\_\_\_\_

By: \_\_\_\_\_

**TWO HANDS AMERICA, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "A"**

**TYPE, LOCATION AND TERRITORY**

Franchisee's Location and Territory shall be as follows:

FRANCHISOR

By: \_\_\_\_\_

FRANCHISEE

By: \_\_\_\_\_  
Franchisee

**TWO HANDS AMERICA, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "B"**

**GUARANTEE AGREEMENT**

THIS GUARANTEE AGREEMENT ("Guarantee") entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between Two Hands America, Inc., a California corporation ("Secured Party" or "Franchisor") and each of the undersigned persons and their spouses (each a "Guarantor"), being all of the shareholders or members, partners, principals or other owners or controlling persons, as applicable, of the "Franchisee" or "Debtor" (as hereafter defined).

**WITNESSETH:**

WHEREAS, Franchisee, ("Franchisee" or "Debtor") has entered into a Franchise Agreement dated \_\_\_\_\_, 20\_\_ (collectively, the "Franchise Agreement") with the Secured Party;

WHEREAS, Guarantor holds \_\_\_\_% of ownership interest in the Franchisee or other beneficial owner or controlling person, as applicable, in Debtor, or a spouse of such person, and will benefit from the Franchise Agreement;

WHEREAS, the Secured Party is willing to enter the Franchise Agreement with Debtor only if Guarantor agrees to guarantee the full, prompt, complete and faithful performance of all the terms, covenants, conditions and obligation(s) on Debtor's part to be performed under the Franchise Agreement, and all other agreements and instruments ancillary to such agreements, and including any amendments or renewals thereof (the "Documents");

NOW, THEREFORE, in order to induce the Secured Party to enter the Franchise Agreement and the Documents with Debtor and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Guarantor hereby jointly and severally agrees to be bound by the Documents and jointly and severally covenants and agrees with the Secured Party as follows:

**ARTICLE I**  
**GUARANTEE**

**1.1** Guarantor unconditionally guarantees the full, prompt, complete and faithful performance, payment, observance and fulfillment by Debtor of all of the terms, covenants and conditions and any obligation(s) under the Documents when due and any and all fees, royalties and other sums that may become due to the Secured Party from Debtor under the Documents ("Obligation(s)"). Guarantor further agrees to pay all expenses (including reasonable attorneys' fees and legal expenses) incurred by the Secured Party in endeavoring to collect the Obligation(s), or any part thereof, or in securing the performance thereof, or in enforcing this Guarantee.

**1.2** Guarantor hereby covenants and agrees unconditionally that in the event Debtor fails to make any payment due under the Obligations on the due date as set forth in the Documents, or an event of default occurs, as defined in the Documents ("Event of Default"), within ten (10) days of the receipt of

written notice from or on behalf of the Secured Party to the effect that there exists such an Event of Default and of the amount or nature of the Obligation(s) which Debtor has failed to pay or perform, Guarantor will pay the entire unpaid amount thereof to the Secured Party at its office set forth on the signature page attached hereto. In the event that the Guarantor should fail or decline to pay any sums properly due to the Secured Party hereunder within ten (10) days following the Secured Party's request for the payment of any such sums, then said sums shall bear interest at annual interest rate equal to twelve percent (12%). Further, if Guarantor shall fail to pay any amount or perform any Obligation(s) properly due to the Secured Party hereunder, the Secured Party may institute and pursue any action or proceeding to judgment or final decree and may enforce any such judgment or final decree against Guarantor and collect, in the manner provided by law, out of Guarantor's property, wherever situated, the monies adjudged or decreed to be payable.

**1.3** This Guarantee shall not be limited to any particular period of time, but rather shall continue absolutely, unconditionally and irrevocably until all the terms, covenants and conditions of the Documents have been fully and completely performed by Debtor or otherwise discharged and/or released by the Secured Party, and Guarantor shall not be released from any duty, obligation or liability hereunder so long as there is any claim of the Secured Party against Debtor arising out of the Documents which have not been performed, settled or discharged in full.

## **ARTICLE II**

### **REMEDIES AND RIGHTS OF SECURED PARTY**

**2.1** The Secured Party shall give Guarantor notice in writing of an Event of Default or any event which might mature into an Event of Default known to Secured Party (but neither failure to give, nor defect in, any notice shall extinguish or in any way affect the Obligation(s) of Guarantor hereunder). Neither demand on, nor the pursuit of any remedies against, Debtor or any other guarantor of the Obligation(s) ("Obligor") shall be required as a condition precedent to, or neither the dependency nor the prior termination of any action, suit or proceeding against the Debtor or any Obligor (whether for the same or a different remedy) shall bar or prejudice the making of a demand on Guarantor by the Secured Party and the commencement against Guarantor after such demand of, any action, suit or proceeding, at law or in equity, for the specific performance of any covenant or agreement contained in the Documents or for the enforcement of any other appropriate legal or equitable remedy.

**2.2** Guarantor's liability hereunder is primary, direct and immediate. Guarantor agrees that neither:

**(i)** The exercise or the failure to exercise by the Secured Party of any rights or remedies conferred on it under the Documents, hereunder or existing at law or otherwise, or against any collateral;

**(ii)** The recovery of a judgment against Debtor or Obligor;

**(iii)** The commencement of an action at law or the recovery of a judgment at law against Debtor or any Obligor and the enforcement thereof through levy or execution or otherwise;

**(iv)** The taking or institution or any other action or proceeding against Debtor or any Obligor; nor

**(v)** The delay in taking, pursuing or exercising any of the foregoing actions, rights, powers or remedies (even though requested by Guarantor) by the Secured Party



shall extinguish or affect the Obligation(s) of Guarantor hereunder, but Guarantor shall be and remain liable for and until all Obligation(s) shall have been fully paid notwithstanding the previous discharge (total or partial) from further liability of Debtor or any Obligor or the existence of any bar (total, partial or temporary) to the pursuit by Guarantor of any right or claim to be subrogated to the right or claims of the Secured Party resulting from any action or failure or omission to act or delay in acting by the Secured Party, or anyone entitled to act in its place.

**2.3** In case any of the Guarantor shall become insolvent or admit in writing his, her or its inability to pay his, her or its debts as they mature, or apply for, consent to or acquiesce in the appointment of a trustee, receiver, liquidator, assignee, sequestrator or other similar official for either Guarantor, or any of his, her or its property; or, in the absence of such application, consent or acquiescence, a trustee, receiver, liquidator, assignee, sequestrator or other similar official is appointed for Guarantor, or for a substantial part of his, her or its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy, admiralty or insolvency law or at common law or in equity is instituted by or against Guarantor, or remains for 60 days undismissed, then if any such event shall occur at a time when any of the Obligation(s) may not be then due and payable, Guarantor will pay to the Secured Party forthwith the whole unpaid amount under the Documents and Documents plus any other sums due under the Documents and other Documents, irrespective of whether any demand shall have been made on Guarantor, Debtor or any Obligor by intervention in or initiation of judicial proceedings relative to Guarantor, his, her or its creditors or his, her or its property. The Secured Party may file and prove a claim or claims for the whole unpaid amount or any portion thereof and for any other sums due under the Documents and other Documents and file such other papers or documents as may be necessary or advisable in order to have such claim allowed in such judicial proceedings and to collect and receive any monies or other property payable or deliverable on any such claim, and to distribute the same; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Secured Party.

**2.4** The benefits, remedies and rights provided or intended to be provided hereby for the Secured Party are in addition to and without prejudice to any rights, benefits, remedies or security to which the Secured Party might otherwise be entitled.

**2.5** Notwithstanding anything mentioned herein to the contrary, the Secured Party, from time to time, without notice to Guarantor, may take all or any of the following actions without in any manner affecting or impairing the liability of Guarantor hereunder:

- (i) Obtain a security interest in any property to secure any of the Obligation(s) hereunder;
- (ii) Retain or obtain the primary or secondary liability of any party or parties, in addition to Guarantor, with respect to any of the Obligation(s);
- (iii) Extend the time for payment of the Documents or any installment thereof for any period;
- (iv) Release or compromise any liability of Guarantor hereunder or any liability of any nature of any other party or parties with respect to the Obligation(s);
- (v) Resort to Guarantor for payment of any Obligation(s), whether or not the Secured Party shall proceed against any other party primarily or secondarily liable on any of the Obligation(s); or

(vi) Agree to any amendments, modification or alteration of the Documents and exercise its rights to consent to any action or non-action of Debtor which may violate the covenants and agreements contained in the Documents with or without consideration, on such terms and conditions as may be acceptable to it.

**2.6** Guarantor agrees that if at any time all or any part of any payment theretofore applied by the Secured Party to any of the Obligation(s) is or must be rescinded or returned by the Secured Party for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of Debtor) such Obligation(s), for purposes of this Guarantee, to the extent that such payment is or must be rescinded or returned, shall be deemed to have continued in existence, notwithstanding such application by the Secured Party, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligation(s), all as though such application by the Secured Party had not been made.

### **ARTICLE III** **GUARANTOR'S WARRANTIES**

**3.1** Guarantor represents and warrants to the Secured Party that:

(i) This Guarantee has been duly executed and delivered by the Guarantor and constitutes a legal, valid and binding obligation of Guarantor enforceable against him, her or it in accordance with its terms;

(ii) There is no action, litigation or other proceeding pending or threatened against Guarantor, before any court, arbitrator or administrative agency which may have a materially adverse effect on the assets, businesses, or financial condition of Guarantor, or which would prevent, hinder or jeopardize his, her or its performance under this Guarantee;

(iii) Guarantor is fully familiar with all of the covenants, terms and conditions of the Documents and the Documents;

(iv) The Guarantor is not party to any contract, agreement, indenture or instrument or subject to any restriction which might materially adversely affect his, her or its financial condition which would in any way jeopardize the ability of Guarantor to perform hereunder; and

(v) The Financial Statement of Debtor attached hereto as Exhibit "1" is correct in all material respects and accurately represents the financial condition of Debtor as of \_\_\_\_\_, 20\_\_.

### **ARTICLE IV** **MISCELLANEOUS PROVISIONS**

**4.1** All the covenants, stipulations, promises and agreements contained in this Guarantee by or on behalf of Guarantor are for the benefit of the Secured Party, its successors or assigns and shall bind Guarantor and his, her or its heirs, executors, personal representative, successors and assigns.

**4.2** Any notice or demand which by any provision of this Guarantee is required or permitted to be given by Secured Party to Guarantor shall be deemed to have been sufficiently given for all purposes if given by first-class mail, postage prepaid, to Guarantor at the address set forth after his, her or its signature below (until another address is filed by Guarantor with Secured Party for such purposes).

**4.3** The Secured Party, without notice of any kind, may sell, assign or transfer the Documents, and in such event each and every immediate and successive assignee or transferee thereof may be given the right by the Secured Party to enforce this Guarantee in full, by suit or otherwise, for its own benefit. Guarantor hereby agrees for the benefit of any such assignee or transferee that his, her or its Obligation(s) hereunder shall not be subject to any reduction, abatement, defense, set-off, counterclaim or recoupment for any reason whatsoever.

**4.4** Guarantor hereby expressly waives:

- (i) Notice of the acceptance by the Secured Party of this Guarantee;
  - (ii) Notice of the existence, creation or non-payment of all or any of the Obligation(s);
  - (iii) Presentment, demand, notice or dishonor, protest and all other notices whatsoever;
- and
- (iv) All diligence in collection or protection of or realization on the Obligation(s) or any thereof hereunder, or any security for or guarantee of any of the foregoing.

**4.5** No delay on the part of the Secured Party in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Secured Party of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy; nor shall any modification or waiver of any of the provisions of this Guarantee be binding on the Secured Party except as expressly set forth in writing, duly signed and delivered on behalf of the Secured Party.

**4.6** This Guarantee shall in all respects be governed by and construed and enforced in accordance with the laws of the State of California and the parties hereto submit to the non-exclusive jurisdiction of the courts of Los Angeles County, California and all courts competent to hear appeals therefrom.

**4.7** Any provision of this Guarantee that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and no such prohibition or unenforceability shall invalidate or render unenforceable such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed this Guarantee as of the date first written above.

**“SECURED PARTY”**

FRANCHISOR

By:\_\_\_\_\_

**“GUARANTORS”**

**“SPOUSE”**

\_\_\_\_\_  
Name:

\_\_\_\_\_

Address:

\_\_\_\_\_  
Name:  
Address:

\_\_\_\_\_  
Name:  
Address:

*[Attach Debtor's financial statements as Exhibit "1" to this Guarantee Agreement]*

**TWO HANDS AMERICA, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "C"**

**CONDITIONAL LEASE ASSIGNMENT PROVISIONS**

The clauses referred to in Article 2.1 of the attached Franchise Agreement are as follows:

(i) The premises being leased hereunder shall be used solely for the operation of a Two Hands Corn Dogs Outlet.

(ii) Lessor has examined Franchisor's standard design concepts and specifications and consents to Lessee's use of same and of Franchisor's Marks and such signage as Franchisor may prescribe for the Outlet.

(iii) Lessee may not sublease or assign all or any part of its occupancy rights, or extend the term or renew the lease, without Franchisor's prior written consent.

(iv) Lessor shall furnish Franchisor a copy of the executed lease, including all attachments thereto and related agreements, if any, within five (5) days after its execution, and no change or amendment to such lease affecting the above terms and conditions shall be effective without Franchisor's prior written approval.

(v) Notwithstanding anything to the contrary contained in this Lease, it is expressly understood and agreed that if the Franchise Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ between the Lessee and Franchisor expires or is terminated for any reason whatsoever, the Lessee's rights hereunder shall, at the option of Franchisor, be transferred and assigned to Franchisor. Said option may be exercised by Franchisor giving the Lessor a notice in writing within thirty (30) days following the expiration or termination of the said Franchise Agreement, such notice to specify, inter alia, the date of such expiration or termination. It is further agreed that such notice shall, without further act or formality, operate as an effective assignment of the Lessee's right hereunder to Franchisor and the assumption by Franchisor of the covenants herein required to be observed or performed by the Lessee.

(vi) In the event Franchisor elects not to exercise the above option, Lessor shall permit Franchisor to enter the premises in order to make any modification necessary to protect Franchisor's Marks.

(vii) The Lessor shall give written notice to Franchisor (concurrently with the giving of such notice to the Lessee) of any default by the Lessee under the Lease, and Franchisor shall have, after the expiration of the period during which the Lessee may cure such default, an additional fifteen (15) days to cure, at its sole option, any such default, providing that if such default arises by reason of the bankruptcy or insolvency of the Lessee or the appointment of a receiver over the Lessee's assets or part thereof, Franchisor shall have the right to assume this Lease upon payment of any arrears of rental to such date. In the event of any such assumption, the Lessee shall cease to have any further rights hereunder.

(viii) The Lessor acknowledges that the said Franchise Agreement contains a right on the part of Franchisor, in the event of expiration or termination of the said Franchise Agreement

for any reason whatsoever, to enter the premises hereby demised and to operate the Outlet for the account of the Lessee for a period as set forth in the said Franchise Agreement. The Lessor further acknowledges that such entry by Franchisor shall not constitute an assignment of this Lease, nor a subletting of the premises hereby demised.

(ix) The Lessor acknowledges that Franchisor is executing this Lease solely for the purpose of acknowledging the provisions contained in the foregoing clauses and agrees that such execution by Franchisor shall in no way be construed so as to obligate Franchisor for the performance of any of the terms, conditions, obligations and covenants contained herein, except as specifically set forth in clause (i).

The foregoing provisions shall be incorporated into Franchisee's lease or sublease agreement.

FRANCHISOR

By:\_\_\_\_\_

FRANCHISEE

By:\_\_\_\_\_

**TWO HANDS AMERICA, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "D"**

**SITE LOCATION ADDENDUM**

Site Location

Two Hands America, Inc. ("Franchisor") and Franchisee ("Franchisee") have on this date, \_\_\_\_\_, 20\_\_, entered into a certain Franchise Agreement, ("Franchise Agreement") and desire to supplement its terms as set out below. The parties hereto therefore agree as follows:

A. Site Selection

Within 1 year, (365) days after execution of this Addendum, Franchisee shall acquire, by lease or purchase, at Franchisee's expense and subject to Franchisor's approval, as provided in the Franchise Agreement, a location for the franchised business.

B. Guidelines and Evaluation

In connection with Franchisee's selection of a site for the franchised business, Franchisor shall furnish to Franchisee the following:

1. Counseling and assistance on site selection guidelines as Franchisor may deem advisable.

2. Such on-site evaluation as Franchisor may deem advisable in response to Franchisee's request for site approval; provided, however, that Franchisor shall not provide on-site evaluation for any proposed site prior to the receipt of a market feasibility study for such site prepared by Franchisee pursuant to Paragraph C. hereof. If on-site evaluation is deemed necessary and appropriate by Franchisor (on its own initiative or at Franchisee's request), Franchisee shall reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals, following Franchisee's approval in advance of same.

C. Site Approval

Prior to the acquisition by lease or purchase of any proposed location for the franchised business, Franchisee shall submit to Franchisor, in the form specified by Franchisor, a description of the proposed location and such other information or materials as Franchisor may reasonably require. Recognizing that time is of the essence, Franchisee agrees that it must submit such information and material for the proposed location to Franchisor for its approval no later than \_\_\_\_\_( ) days after the execution of the Franchise Agreement. Franchisor shall have \_\_\_\_\_( ) days after receipt of such information and materials from Franchisee to approve or disapprove, at its sole discretion, the proposed location as the location for the franchised business. The proposed location shall not be deemed approved unless written notice of approval is given to Franchisee by Franchisor.

D. Lease Provisions

The lease for the premises of the franchised business shall be submitted to Franchisor for its written approval prior to execution by Franchisee and the Lessor, and shall contain the following terms and conditions:

1. That the premises shall be used only for the operation of the franchised business.
2. That the landlord has examined Franchisor's standard design concepts and consents to Franchisee's use of such Proprietary Marks and signage as Franchisor may prescribe for the franchised business.
3. That the landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the lease and premises, at the same time that such letters and notices are sent to Franchisee.
4. That Franchisee may not sublease or assign all or any part of its occupancy rights, or extend the term or renew the lease, without Franchisor's prior written consent.
5. That Franchisor shall have the right to enter the premises to make any modification necessary to protect Franchisor's Proprietary Marks or to cure any default under the lease or under this Agreement.
6. That Franchisor shall have the option to assume Franchisee's occupancy rights, and the right to assign or sublease for all or any part of the remaining term, upon Franchisee's default or termination under such lease or under this Agreement.
7. That Franchisor shall be furnished a copy of the executed lease, ten (10) days after its execution, and no change or amendment to such lease affecting the above terms and conditions shall be effective without Franchisor's prior written approval.

E. Relocation

Upon Franchisor's approval of a location for the franchised business, or upon execution of this Agreement, whichever occurs earlier, the street address of the approved location of the franchised business shall be recorded and shall be attached as Exhibit "A" to this Agreement. Franchisee shall not relocate the franchised business without the express prior written consent of Franchisor.

F. Construction

Franchisee shall commence construction or leasehold improvements ("Construction") of the franchise business within \_\_\_\_\_ ( ) days after Franchisee executes this addendum, executes a lease, or obtains the right to possession of the premises, whichever occurs latest. Franchisee shall provide written notice to Franchisor of the date Construction of the franchised business commences within \_\_\_\_\_ ( ) days after commencement. Franchisee shall maintain continuous Construction of the franchised business premises and shall complete Construction, including all exterior and interior carpentry, electrical, painting and finishing work, and installation of all furnishings, fixtures, equipment, and signs, in accordance with the approved plans and specifications at Franchisee's expense, within \_\_\_\_\_ ( ) months after commencement (exclusive of the time lost by reason of strikes, lockouts, fire and other casualties and acts of God). Each week during the Construction period, Franchisee and Franchisee's architect or general contractor shall certify in writing to Franchisor that all work is proceeding substantially on schedule, and in accordance with the approved plans and specifications and all applicable laws, regulations ordinances and restrictive



covenants. Franchisee further agrees that Franchisor and its agents shall have the right to inspect the Construction at all reasonable times.

G. Permits and Approvals

Before or upon completion of Construction, Franchisee shall obtain, and shall furnish to Franchisor copies of, all necessary permits, approvals, and certificates required for occupancy of the premises and operation of the franchised business. Franchisee shall obtain Franchisor's approval for opening and shall open the franchised business within \_\_\_\_\_ ( ) months after the date of commencement of Construction.

H. Time of Essence

Franchisee and Franchisor agree that time is of the essence in Franchisee's performance of its obligations hereunder. Any failure by Franchisee to meet the time limits imposed under this Addendum shall constitute a default under Section 17.1 of the Franchise Agreement, for which Franchisor may terminate this Agreement upon notice to Franchisee.

I. Effect of Franchise Agreement

This Addendum shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

**IN WITNESS WHEREOF**, the parties hereto have duly executed, sealed and delivered this Addendum in triplicate on the day and year first above written.

**FRANCHISOR**

**FRANCHISEE**

By: \_\_\_\_\_

\_\_\_\_\_

**TWO HANDS AMERICA, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "E"**

**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

**THIS AGREEMENT** is made by and between Two Hands America, Inc., a California corporation (the "Franchisor"), and \_\_\_\_\_ (the "Franchisee").

**WHEREAS**, Franchisor has developed an established business and is engaged in the development, marketing and sale to franchisees of an efficient and distinctive system of training employees, preparing, serving, merchandising, and selling products typically sold in a Two Hands Corn Dogs Outlet, served by a distinctively uniformed staff, and well trained, in distinctively designed, furnished, decorated and equipped Outlets under the name Two Hands Corn Dogs; and

**WHEREAS**, Franchisor has developed and uses the name "Two Hands Corn Dogs" and associated service marks, trademarks, designs, and symbols in the design and appearance of its Outlets (collectively referred to as the "Marks"), identifying the goodwill which Franchisor has developed in connection with the operation of Two Hands Corn Dogs Outlets by Franchisor and its franchisees (all of which is hereinafter referred to as the "System"); and

**WHEREAS**, Franchisor desires to preserve the Marks and the System, and has plans, where profitable, to increase the number of Two Hands Corn Dogs Outlets within the United States and elsewhere; and

**WHEREAS**, Franchisee desires to be a Two Hands Corn Dogs Outlet franchisee; and

**WHEREAS**, \_\_\_\_\_, Franchisee's Employee, has been hired by Franchisee to run the day-to-day activities of Franchisee's Outlet and such Employee must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

**IN CONSIDERATION** of these premises, and the conditions stated herein, the parties agree as follows:

1. Purpose of Agreement. Franchisor is placing Franchisee in a position of trust and confidence in the development, marketing, sale and expansion of the System. As a precondition of the grant of the right to own and operate a Two Hands Corn Dogs Outlet, Franchisor desires to receive from Franchisee (i) an agreement not to disclose certain information relating to Franchisor's business, (ii) an agreement not to compete against Franchisor for a certain period of time, and (iii) an agreement concerning the ownership of certain information. This Agreement sets forth the terms of their agreements and understandings.

2. Franchisor Ownership of Materials. All information, ideas, research, methods, techniques, specifications, guidelines, secret recipes, manuals, procedures, systems, improvements, notes, data, tapes, reference items, financial information, literature, files, supplier lists, notebooks, calendars, sketches, drawings, memoranda, records and copyrighted and other materials, including Franchisor's Confidential Operating Manuals, and the goodwill associated with them, which in any way relate to Franchisor's past, present or potential business or which were prepared or received by Franchisee as a franchisee of Franchisor

and a participant in the System (collectively referred to as “Confidential Information”) are the exclusive property of Franchisor. Franchisee agrees to deliver to Franchisor all copies of such materials including Franchisee’s own personal work papers, which are in Franchisee’s possession or under Franchisee’s potential control at the request of Franchisor or, in the absence of such a request, upon the termination of that certain Franchise Agreement dated even date herewith between Franchisor and Franchisee (the “Franchise Agreement”).

3. Confidential Information. Franchisee acknowledges that Franchisor’s Confidential Information is a valuable and unique asset which Franchisee holds in trust for Franchisor’s sole benefit. Franchisee agrees that Franchisee shall not, at any time during and for a period of fifty (50) years after Franchisee ceases to be a franchisee of Franchisor or a participant in the System, use for itself or for others, or disclose to any person, corporation or other entity for any reason, any of Franchisor’s Confidential Information, without the prior written consent of Franchisor.

4. Trade Secrets. Franchisee acknowledges that Franchisor’s Confidential Information and its methods and techniques of operation, and food preparation, merchandising, recipes, specifications, its financial condition, customer service, marketing and pricing strategies, as well as the information compiled and developed regarding improvements or enhancements to the System, including the Confidential Operating Manuals, are uniquely valuable to Franchisor and have been developed through considerable expense and effort, and thus are not usually ascertainable by a competitor without considerable investment of effort and expense (“Trade Secrets”).

In light of the need to protect and preserve the confidentiality of these Trade Secrets and in consideration of Franchisee’s continued right to own and operate a Two Hands Corn Dogs Outlet, Franchisee agrees, at all times while a franchisee of Franchisor and for as long as Franchisor remains in business anywhere in the world, to respect the confidentiality of Franchisor’s Trade Secrets, to use them solely for the benefit of Franchisor’s business, and to refrain from disclosing or making available the Trade Secrets to any third party without the prior written consent of Franchisor. Franchisee further agrees to take all reasonable security measures to ensure that Franchisee’s employees comply with this Agreement and such other security measures as are reasonably requested by Franchisor to prevent accidental disclosure.

5. Assignment of Inventions. All ideas, improvements, processes, names, menu items, and enhancements to the System or which relate to or are useful to Franchisor’s business which Franchisee, alone or with others, may invent, discover, make or conceive (“Inventions”) are the exclusive property of Franchisor, and Franchisee shall promptly and fully disclose them to Franchisor. At any time, at Franchisor’s request and expense, Franchisee shall, without further compensation: (i) promptly record such Inventions with Franchisor; (ii) execute any assignments and other documents Franchisor deems desirable to protect its rights in the Inventions; and (iii) assist Franchisor in enforcing its rights with respect to these Inventions.

6. Restrictions on Unfair Competition. It is recognized by Franchisee that as the natural result of Franchisee’s participation in the System as a franchisee of Franchisor, Franchisee will gain access to Franchisor’s Trade Secrets and Confidential Information, and will gain the trust, confidence and respect of Franchisor’s landlords, customers and suppliers. Franchisee acknowledges that Franchisor has a legitimate need to protect itself against unfair competition by its franchisees and their employees. Therefore, in consideration for Franchisee’s participation in the System as a franchisee of Franchisor, Franchisee agrees that while it is a franchisee of Franchisor and for two (2) years after termination of the Franchise Agreement, regardless of the circumstances giving rise to the termination, or after Franchisee ceases to be a participant in the System, and within the Area of Minimum Competition as defined in Article XIV of the Franchise Agreement, Franchisee shall not:

(a) Have or acquire an interest in a similar business to that offered or developed by Franchisor which provides the same or substantially similar products as those sold, distributed, manufactured or furnished by Franchisor during the term of the Franchise Agreement. For purposes of this Agreement, "similar business" means a retail food service shop or restaurant that sells the same or substantially similar products as Menu Items, as such term is defined in the Franchise Agreement, where the cumulative sales of such products comprise at least 50% of total sales of such business;

(b) Engage, directly or indirectly, on Franchisee's own behalf, or on behalf of any other person, firm, partnership or corporation, in providing, assisting, instructing or supervising the marketing, distribution or sale of the Products of any similar business to those offered and provided or manufactured by Franchisor as of the termination of this Agreement;

(c) Compete, directly or indirectly, with Franchisor in the offering, distribution or sale of products similar to the Products offered or provided or manufactured by Franchisor as of the termination of this Agreement. Prohibited competition under this subsection (c) may include, but is not limited to, the solicitation of, attempted solicitation, or other contacts with franchisees, landlords, suppliers and customers of Franchisor for the purpose of offering, providing or delivering Products or services similar to those offered and provided by Franchisor to the public; or the request, suggestion or advice to Franchisees, landlords, suppliers or customers, either directly or indirectly, to withdraw, curtail, limit or cancel their business with Franchisor; or to disclose, directly or indirectly, to any other person the names and addresses of franchisees, landlords, suppliers and customers of Franchisor; or the terms and conditions of Franchisor's contracts with suppliers of these Products;

(d) Hire or engage, or attempt to hire or engage, directly or indirectly, any individual who is an employee of Franchisor at the time of such solicitation, or was an employee during the calendar year immediately preceding Franchisee's termination as a participant in the System as a franchisee of Franchisor, whether such actions are undertaken on behalf of Franchisee or on behalf of another entity; or

(e) Otherwise take direct actions to disrupt the operations of Franchisor or interfere with Franchisor's performance of its contracts with third parties.

## 7. Enforcement.

(a) Injunction. Franchisee understands and agrees that Franchisor will suffer irreparable harm if Franchisee breaches any of Franchisee's obligations under this Agreement, and that monetary damages shall be inadequate to compensate Franchisor for any such violation. Accordingly, Franchisee agrees that in the event Franchisee violates or threatens to violate any of the provisions of this Agreement, Franchisor, in addition to all other remedies or damages which it may have, shall be entitled to seek an injunction to prevent or to restrain any such violation by Franchisee or by any or all of Franchisee's directors, stockholders, officers, partners, employees, agents or any other person directly or indirectly acting for, on behalf of or with Franchisee. Franchisee consents to the seeking of the injunction as being a reasonable measure to protect Franchisor's rights.

(b) Jurisdiction. Franchisee agrees that any lawsuit brought by Franchisor to enforce its rights under this Agreement shall be brought in the appropriate court located in the state where Franchisee's Outlet is located, and the parties agree and consent to the jurisdiction of such court to resolve all disputes which arise out of this Agreement or any alleged breach thereof in a state court. Any lawsuit brought against Franchisor or its officers, directors or agents arising out of this Agreement, or any alleged breach thereof, must be brought within one (1) year of the event giving rise to the cause of action. The failure to commence such action by or on behalf of Franchisee within this time period shall serve to bar any rights Franchisee may have against Franchisor or its officers, directors and agents.

(c) Costs. Franchisee further agrees that if Franchisee acts in any manner which causes Franchisor to seek any form of judicial relief or remedy against Franchisee, and the court determines Franchisee has or is violating any of the provisions of this Agreement, Franchisor, in addition to its other remedies, shall be entitled to recover from Franchisee all costs incurred, including its attorneys' fees.

8. Reasonableness of Restrictions; Severability. Franchisee has read and considered carefully the provisions of Sections 1 through 7 of this Agreement, and agrees that the restrictions are fair and reasonably required for the protection of the interests of Franchisor, its business and its officers, directors and employees, even though no geographic limitation is included because of the national nature of the franchise business. Franchisee further agree that the restrictions set forth in this Agreement shall not impair Franchisee's ability to secure employment or acquire an interest in a business in another field of choice, other than the restricted field described in Section 6.

9. Miscellaneous.

(a) All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, shall be held invalid by any court of competent jurisdiction for any reason, then Franchisee agrees that the court shall have the authority to reform and modify that provision in order that the restriction shall be the maximum necessary to protect Franchisor's legitimate business needs as permitted by applicable law and public policy. In so doing, Franchisee agrees that the court shall impose the provision with retroactive effect as close as possible to the provision held to be invalid. Further, Franchisee agrees that a breach or alleged breach by Franchisor of any obligation owed by Franchisor shall not affect the validity or enforceability of the provisions of this Agreement.

(b) This Agreement was entered into and shall be governed by the laws of the State of California.

(c) No delay or failure by Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

(d) In the event that any provision of this Agreement, or a portion thereof, shall be held to be invalid or unenforceable, this ruling shall not affect in any manner the validity of the remaining provisions.

(e) The rights and obligations of Franchisor under this Agreement shall inure to the benefit of and shall be binding upon the parties hereto, as well as the affiliates of Franchisor and any future successors and assigns of Franchisor.

(f) No modification of this Agreement shall be valid unless it is in writing and signed by both Franchisee and an authorized representative of Franchisor. This Agreement contains the entire agreement between the parties and is expressly intended by Franchisee and Franchisor to supersede and replace any prior agreements on these issues between the parties.

(g) The Employee, if any, hereby executes this Agreement to evidence his/her or their consent to be bound by each and every provision.

[Remainder of page intentionally left blank; signature page to follow.]

**IN WITNESS WHEREOF**, Franchisor and Franchisee attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

FRANCHISOR

By:\_\_\_\_\_

FRANCHISEE:

By:\_\_\_\_\_  
(Franchisee)

By:\_\_\_\_\_  
(Employee)

**TWO HANDS AMERICA, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "F"**

**TRANSFER OF FRANCHISE TO A CORPORATION**

The undersigned, as Franchisee of the Outlet under a Franchise Agreement executed on the date set forth below between Franchisee and Two Hands America, Inc., as Franchisor, granting Franchisee a franchise to operate at the location set forth below, and the other undersigned shareholders or members of the Corporation, who together with Franchisee constitute all of the Shareholders of the Corporation, in order to induce Franchisor to consent to the assignment of the Franchise Agreement to the Corporation in accordance with the provisions of Article XX of the Franchise Agreement, agree as follows:

1. The undersigned Franchisee shall remain personally liable in all respects under the Franchise Agreement and all the other Shareholders of the Corporation intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Franchise Agreement including the restrictive covenants contained in Article XIV thereof, to the same extent as if each of them were Franchisee set forth in the Franchise Agreement and they jointly and severally personally guarantee all of Franchisee's obligations set forth in said Agreement.

2. The undersigned agree not to transfer any stock in the Corporation without the prior written approval of Franchisor and agree that all stock certificates representing shares in the Corporation shall bear the following legend:

"The shares of stock represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated \_\_\_\_\_, 20\_\_ between Franchisee and Two Hands America, Inc.".

3. Franchisee or his designee shall devote his best efforts to the day-to-day operation and development of the Outlet.

4. \_\_\_\_\_ hereby agrees to become a party to and to be bound by all of the provisions of the Franchise Agreement executed on the date set forth below between Franchisee and Two Hands America, Inc. to the same extent as if it were named as Franchisee herein.

Date of Franchise Agreement: \_\_\_\_\_

Location of Outlet: \_\_\_\_\_

\_\_\_\_\_  
Name of Corporation

\_\_\_\_\_  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

In consideration of the execution of the above Agreement, Two Hands America, Inc. hereby consents to the above referred to assignment on this \_\_\_\_day of \_\_\_\_\_, 20\_\_.

TWO HANDS AMERICA, INC.

By:\_\_\_\_\_



**TWO HANDS AMERICA, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "G"**

**WEBSITE LISTING, TELEPHONE NUMBER ASSIGNMENT AGREEMENT  
AND POWER OF ATTORNEY**

**FOR VALUE RECEIVED**, the undersigned ("Franchisee") irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination of the Franchise Agreement described below to Two Hands America, Inc. upon the following terms:

1. This assignment is made under the terms of Two Hands Corn Dogs Outlet Franchise Agreement dated \_\_\_\_\_, 20\_\_ authorizing Franchisee to do business as "Two Hands Corn Dogs" Outlet (the "Franchise Agreement") between Franchisor and Franchisee, which in part pertains to the telephone and listing and numbers Franchisee uses in the operation of the Outlet covered by the Franchise Agreement.

2. Franchisee retains the limited right to use the website listing, telephone numbers and business listings (collectively, the "Listings") only for transactions and advertising under the Franchise Agreement while the Franchise Agreement between Franchisor and Franchisee remains in full force, but upon termination or expiration of the Franchise Agreement, Franchisee's limited right of use of the Listings also terminates. In this event, Franchisee agrees to immediately discontinue use of all Listings. At Franchisor's request, Franchisee will immediately sign all documents, pay all monies, and take all other actions necessary to transfer the Listings to Franchisor.

3. The Listings subject to this assignment are: \_\_\_\_\_ (to be determined) and all numbers on the rotary series and all numbers Franchisee uses in the Outlet in the future.

4. Franchisee shall pay all amounts owed for the use of the Listings it incurs. On termination or expiration of the Franchise Agreement, Franchisee shall immediately pay all amounts owed for the Listings, whether or not due, including all sums owed under existing contracts for telephone and online business directory advertising.

5. Franchisee appoints Franchisor as his/her attorney-in-fact to act in Franchisee's place for the purpose of assigning any Listings covered by Paragraph 3 above to Franchisor or Franchisor's designees or transferees. Franchisee grants Franchisor full authority to act in any manner proper or necessary to exercise these powers, including full power of substitution and signing or completion of all documents required or requested by any directory or listings service company to transfer the numbers, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This power of attorney is effective for ten (10) years from the date of expiration, cancellation or termination of Franchisee's rights under the Franchise Agreement for any reason.

Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by Franchisee's later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

THE PARTIES have caused this Agreement to be duly signed as evidenced by their signatures appearing below. Persons signing this Agreement must check the appropriate space and sign in the appropriate place provided.

FRANCHISEE: EACH OF THE BELOW PERSONS AGREES TO BE BOUND BY THE PROVISIONS OF THIS AGREEMENT, IN BOTH INDIVIDUAL AND REPRESENTATIVE CAPACITIES.

Signed the \_\_\_\_ day of \_\_\_\_\_, 20\_\_

Franchisee

By: \_\_\_\_\_

FRANCHISOR:

Signed and accepted as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_

TWO HANDS AMERICA, INC.

By: \_\_\_\_\_

**TWO HANDS AMERICA, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "H"**

**AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO  
TWO HANDS AMERICA, INC., INCLUDING CHECKS AND ELECTRONIC TRANSFERS**

Depositor hereby authorizes and requests \_\_\_\_\_ (the "Bank") to initiate debit and credit entries to Depositor's account indicated below drawn by and payable to the order of TWO HANDS AMERICA, INC. (the "Company") in checks drawn on such account payable to the Company or by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Bank's rights with respect to each such charge shall be the same as if it were a check drawn by the Bank and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Bank shall be under no liability whatsoever.

Bank Name: \_\_\_\_\_

Bank Address: \_\_\_\_\_

Transit/ABA Number: \_\_\_\_\_

Account Number: \_\_\_\_\_

This authority is to remain in full force and effect until the Company has received written notification from the depositor of its termination in such time and in such manner to afford the Company and Bank a responsible opportunity to act on such request.

Outlet Address: \_\_\_\_\_

Name of Depositor: \_\_\_\_\_ (Please print Franchisee name)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Signature of Depositor

\_\_\_\_\_  
Signature of Depositor (in case more than 1 depositor)

**PLEASE ATTACH ONE VOIDED BLANK CHECK FOR PURPOSES OF SETTING UP BANK AND  
TRANSIT NUMBERS.**

**TWO HANDS AMERICA, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "I"**

**ENTITY INFORMATION DISCLOSURE**

Franchisee represents and warrants that the following information is accurate and complete in all respects:

1. Franchisee is a (check as applicable):

- ☐ corporation  
☐ limited liability company  
☐ general partnership  
☐ limited partnership  
☐ other (specify) \_\_\_\_\_

State of incorporation/organization \_\_\_\_\_

Franchisee entity name \_\_\_\_\_

Federal Tax Identification Number \_\_\_\_\_

2. Franchisee shall provide to Franchisor concurrently with the execution of this Agreement true and accurate copies of its charter documents including Articles of Incorporation/Organization, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution of this Agreement and any amendments to the foregoing (the "Entity Documents").

3. Franchisee promptly shall provide all additional information that Franchisor may from time to time request concerning all persons who may have any, direct or indirect, financial interest in Franchisee.

4. The name and address of each Owner is:

Name	Address	Number of Shares or Percentage Interest
_____	_____	_____
_____	_____	_____
_____	_____	_____

5. The names, addresses, and titles of Franchisee Owner who will be devoting their full time to the Franchised Outlet are:

Name	Address	Title
_____	_____	_____
_____	_____	_____
_____	_____	_____

6. The address where Franchisee's financial records and Entity Documents are maintained is:

\_\_\_\_\_

7. The General Manager is: \_\_\_\_\_

8. Franchisee represents and warrants to Franchisor as an inducement to Franchisor's execution of the Franchise Agreement that the information set forth in this Entity Information Disclosure is true, accurate and complete in all material respects on the Effective Date and that Franchisee shall provide Franchisor with all additional information. Franchisor may request with respect to the partners shareholders and members of Franchisee and the ownership of Franchisee upon demand by Franchisor In addition. Franchisee shall notify Franchisor within ten (10) days of any change in the information set forth in this Entity Information Disclosure and shall provide Franchisor with a revised Entity Information Disclosure certified by Franchisee to be true, correct and complete in all material respects Franchisor grants Franchisee the rights in the Franchise Agreement in reliance upon each and all of the terms of this Entity Information Disclosure.

**IN WITNESS WHEREOF**, Franchisor and Franchisee attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the Effective Date.

FRANCHISOR

By: \_\_\_\_\_

FRANCHISEE:

By: \_\_\_\_\_

**TWO HANDS AMERICA, INC.**

**FRANCHISE AGREEMENT**

**EXHIBIT "J"**

**FORM OF GENERAL RELEASE**

**THIS GENERAL RELEASE AGREEMENT** (this "**Release Agreement**") is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "**Effective Date**") by and among TWO HANDS AMERICA, INC., a California corporation ("**Franchisor**"), on the one hand, and \_\_\_\_\_, a[n] \_\_\_\_\_ and its/his/her Constituents (collectively, "**Releasing Parties**") on the other hand, with reference to the following facts:

A. On \_\_\_\_\_, Franchisor and \_\_\_\_\_ as "**Franchisee**" executed a Franchise Agreement (the "**Franchise Agreement**") pursuant to which Franchisor granted Franchisee a license to use the service mark and trade name "Two Hands Corn Dogs" (the "**Marks**") and the Two Hands Corn Dogs System (the "**System**") in connection with the operation of a Two Hands Corn Dogs Outlet (the "**Outlet**") located at \_\_\_\_\_ (the "**Franchised Location**").

B. Franchisee desires to exercise its right to renew/transfer the Franchise Agreement under the Franchise Agreement.

C. The execution of this Release is one of several conditions precedent to Franchisee's right of renewal/transfer of the Franchise Agreement.

**NOW, THEREFORE**, in consideration of the foregoing Recitals (which are incorporated herein by this reference) and the covenants and conditions set forth below and to induce Franchisor to consent to the renewal, Franchisee hereby agrees as follows:

**1. Definitions.** As used herein, the following capitalized terms have the meanings ascribed to them.

1.1. "**Claims**" means all actual and alleged claims, demands, Losses, charges, agreements (whether written or oral), covenants, responsibilities, warranties, obligations, contracts (whether oral or written), debts, violations, suits, counterclaims, cross claims, third party claims, accounts, liabilities, costs, expenses (including attorneys' fees and court costs), rights to terminate and rescind, rights of action and causes of action of any kind or nature.

1.2. "**Constituents**" means past, present and future affiliates, subsidiaries, divisions, partners, members, trustees, receivers, executors, representatives, administrators, owners, shareholders, distributors, parents, predecessors, officers, directors, agents, managers, principals, employees, insurers, successors, assigns, representatives and attorneys and the past, present and future officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of the foregoing.

1.3. "**Excluded Matters**" means Franchisor's continuing contractual obligations which arise or continue under and pursuant to the Franchise Agreement on and after the Effective Date. This Release Agreement is not intended to terminate or amend the Franchise Agreement; this Release Agreement is intended to relieve Franchisor and its Constituents of responsibility for its or their failure, if any, to have timely

performed or completed obligations which by the terms of the Franchise Agreement were to have been performed or completed prior to the Effective Date.

1.4. **"Franchisor Released Parties"** means Franchisor and each of its Constituents.

1.5. **"Losses"** means all damages, debts, liabilities, accounts, suits, awards, judgments, payments, diminutions in value and other losses, costs and expenses, however suffered or characterized, all interest thereon, all costs and expenses of investigating any Claim, reference proceeding, lawsuit or arbitration and any appeal therefrom, all actual attorneys' fees incurred in connection therewith, whether or not such Claim, reference proceeding, lawsuit or arbitration is ultimately defeated and, all amounts paid incident to any compromise or settlement of any such Claim, reference proceeding, lawsuit or arbitration.

**2. General Release Agreement.** Releasing Parties for themselves and their Constituents, hereby irrevocably and unconditionally release and forever discharge Franchisor Released Parties from any and all Claims, whether known or unknown, based upon anything that has occurred or existed, or failed to occur or exist, from the beginning of time to the Effective Date of this Release Agreement, except for the Excluded Matters and obligations under this Release Agreement. Each of the Releasing Parties agrees that each Franchisor Released Parties is a direct beneficiary with respect to each provision of this Release Agreement applicable to Franchisor Released Parties and may enforce each of these provisions.

### **3. Waiver of Section 1542 of the California Civil Code.**

3.1. Releasing Parties for themselves and on behalf of their Constituents, expressly, knowingly, and voluntarily waive all rights under Section 1542 of the California Civil Code, which states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

3.2. With respect to those claims being released pursuant to Section 2 hereunder, Releasing Parties, for themselves and on behalf of their Constituents, acknowledge that they are releasing unknown claims and waives all rights they have or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect. For purposes of this Section 3, Releasing Parties shall be considered to be creditors of Franchisor Released Parties, and each of them.

3.3. Releasing Parties acknowledges that this general release extends to claims which Releasing Parties do not know or suspect to exist in favor of Releasing Parties at the time of executing this Release Agreement, which if known by Releasing Parties may have materially affected their decision to enter into this Release Agreement. It is understood by Releasing Parties that the facts in respect of which this Release Agreement as given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. Releasing Parties, therefore, expressly assume the risk of the facts turning out to be so different and agree that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

**4. Representations and Warranties.** Releasing Parties hereby represent and warrant to Franchisor that, in entering into such release, they (i) are doing so freely and voluntarily upon the advice of counsel and business advisor of their own choosing (or declined to do so, free from coercion, duress or fraud); (ii) have read and fully understand the terms and scope of the Release Agreement that the parties are entering into; (iii) realize that it is final and conclusive, and intends to be final and conclusive, as to the matters set forth in the Release Agreement entered into by the parties; and (iv) have not assigned, transferred, or conveyed to any third party

all or any part of or partial or contingent interest in any of the Claims which are called for to be released by this Release Agreement now or in the future, that they are aware of no third party who contends or claims otherwise, and that they shall not purport to assign, transfer, or convey any such claim hereafter.

**5. Covenants Not to Sue; Assertion of Release as Bar to Proceedings.** Releasing Parties hereby irrevocably covenant to refrain from, directly or indirectly, asserting any claim or demand, or commencing, initiating or causing to be commenced, any proceeding of any kind against any Franchisor Released Party, based upon any matter purported to be released hereby. This Release Agreement may be asserted by any of Franchisor Released Parties as a defense and complete bar to any action, claim, cross claim, cause of action, arbitration or other proceeding that may be brought, or could have been brought, instituted or taken by, against, or involving any of Releasing Parties, or anyone acting or purporting to act on behalf of any of Franchisor Released Parties with respect to any of the claims released herein.

**6. Indemnity.** Without in any way limiting any of the rights and remedies otherwise available to any Franchisor Released Party, Releasing Parties shall defend, indemnify and hold harmless each Franchisor Released Party from and against all Claims whether or not involving third party Claims, arising directly or indirectly from or in connection with (i) the assertion by or on behalf of Releasing Parties or their Constituents of any Claim or other matter purported to be released pursuant to this Release Agreement, (ii) the assertion by any third party of any Claim or demand against any Franchisor Released Party which Claim or demand arises directly or indirectly from, or in connection with, any Claims or other matters purported to be released pursuant to this Release Agreement; and (iii) any breach of representation s, warranties or covenants hereunder by Releasing Parties or their Constituents.

## **7. Miscellaneous.**

7.1. This Release Agreement cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties hereto.

7.2. This Release Agreement, together with the agreements referenced herein, constitute the entire understanding between and among the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, discussions and representations, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

7.3. This Release Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Release Agreement shall constitute and be deemed an original copy of this Release Agreement for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Release Agreement.

7.4. This Release Agreement shall be binding upon and inure to the benefit of the parties to this Release Agreement and their respective successors and permitted assigns.

7.5. The rule that an agreement is to be construed against the party drafting the agreement is hereby waived by the parties hereto, and shall have no applicability in construing this Release Agreement or the terms of this Release Agreement.

7.6. Whenever possible each provision of this Release Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Release shall be or become invalid, illegal or unenforceable under applicable law in any respect, the validity and enforceability of the remaining



terms and provisions of this Release shall not in any way be affected or impaired thereby and the parties will attempt to agree upon a valid, legal and enforceable provision that is a reasonable substitute therefore, and upon so agreeing, shall incorporate such substitute provision in this Release Agreement.

7.7. Each of the parties acknowledges that it had the right and opportunity to seek independent legal counsel of its own choosing in connection with the execution of this Release Agreement, and each of the parties represents that it has either done so or that it has voluntarily declined to do so, free from coercion, duress or fraud.

7.8. This Release Agreement supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. The Release Agreement may not be amended except in a writing signed by all of the parties. No representations, warranties, agreements or covenants have been made with respect to this Release Agreement, and in executing this Release Agreement, none of the parties is relying upon any representation, warranty, agreement or covenant not set forth herein.

7.9. This Release Agreement shall be governed by and construed in accordance with the internal laws of the State of California, without reference to conflict of law principles. The parties agree that, subject to the express arbitration requirement set forth in the Franchise Agreement, any action brought by either party against the other in any court, whether federal or state, shall be brought in Los Angeles County, California, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

7.10. Nothing in this Agreement applies to Claims that arise under the Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Release Agreement as of the date first above written.

**RELEASING PARTIES:**

\_\_\_\_\_  
(Entity Name)

By:\_\_\_\_\_  
Print Name:\_\_\_\_\_  
Title:\_\_\_\_\_

\_\_\_\_\_  
(Entity Name)

By:\_\_\_\_\_  
Print Name:\_\_\_\_\_  
Title:\_\_\_\_\_

**FRANCHISOR:**

TWO HANDS AMERICA, INC.

By:\_\_\_\_\_  
Print Name:\_\_\_\_\_  
Title:\_\_\_\_\_

## **EXHIBIT D**

### **TABLE OF CONTENTS FOR CONFIDENTIAL OPERATING MANUAL**

#### **TWO HANDS CORN DOGS OUTLET**

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**EXHIBIT E****LIST OF CURRENT FRANCHISEES**  
**AS OF DECEMBER 31, 2022**

<b>Franchisee</b>	<b>Phone</b>	<b>Address</b>	<b>City, State, Zip Code</b>
<b>ARIZONA</b>			
14 HANDS LLC	480-366-4527	1933 MAIN ST	MESA, AZ, 85201
2MJR LLC	623-266-7500	15530 W ROOSEVELT ST STE E105	GOODYEAR, AZ, 85338
AZ CORN DOGS INC	480-698-7058	5000 S ARIZONA MILLS CIR	TEMPE, AZ, 85282
B & B BROS, LLC	623-463-5880	10210 W MCDOWELL RD STE120	AVONDALE, AZ, 85392
STPL LLC	480-597-3642	1051 S RURAL RD #106	TEMPE, AZ, 85281
TWO HANDS CORN DOG TUCSON INC	646-912-9684	2790 N CAMPBELL AVE	TUCSON, AZ, 85719
TWO HANDS FLAGSTAFF LLC	928-440-5966	319 S REGENT ST #215	FLAGSTAFF, AZ, 86001
<b>CALIFORNIA</b>			
B&C plus Corporation	626-419-8740	1299 GALLERIA AT TYLER	RIVERSIDE, CA, 92503
BRISTOL CORN DOGS INC	657-235-8095	1116 SOUTH BRISTOL ST	SANTA ANA, CA, 92704
DOLCI MANGO INC	619-500-5508	4211 CAMINO DE LA PLAZA	SANDIEGO, CA, 92173
HB CORN DOGS INC	714-899-9538	401 MAIN ST #100	HUNTINGTON BEACH, CA, 92647
IBULL GLOBAL LLC	909-919-3457	8443 HAVEN AVENUE	RANCHO CUCAMONGA CA 91730
KAO F SAE CHAO	916-402-8081	2648 WATT AVE #117	SACRAMENTO, CA, 95821
LINK GAJU INC	213-375-7518	450 S WESTERN AVE #313	LOS ANGELES, CA, 90020
LINK LAKEWOOD, INC	562-543-0485	500 LAKEWOOD BLVD SPACE #205	LAKEWOOD, CA, 90712
LUCOBINA CORPORATION	562-414-6652	251 STONEWOOD ST STE MMA5	DOWNEY, CA, 90241
P & C TOURS INC	714-760-4667	2800 N MAIN ST FC-3	SANTA ANA, CA, 92705
PPH INC	424-328-0066	24631 CRENSHAW BLVD SUITE C	TORRANCE, CA, 90505
PT & V INC	657-660-5182	3372 S BRISTOL ST	SANTA ANA CA 92704
SDSUNG INC	858-737-4234	3860 CONVOY ST STE 100	SANDIEGO, CA, 92128
Son Restaurant Group. INC	925-248-8832	600 MAIN ST F	PLEASANTON CA 94566
THNR CORPORATION	747-202-0448	18431 NORDHOFF ST	NORTHRIDGE, CA, 91325

TWO HANDS CORN DOG SAN MARCOS CORPORATION	760-290-3068	997 W SAN MARCOS BLVD STE 107	SAN MARCOS, CA, 92078
TWOHANDS CHAVEZ INC	323-685-5008	4770 EAST CESAR E CHAVEZ AVE	EAST LOS ANGELES, CA, 90022
VK F & B LLC	714-583-8416	9772 GARDEN GROVE BLVD #D	GARDEN GROVE, CA, 92844
YUMNOMZ LLC	747-202-0448	2751 PARK VIEW CT STE 115	OXNARD CA 93036
<b>MARYLAND</b>			
YERINS LLC	240-881-0400	11160 VEIRS MILL RD	WHEATON MD 20902
<b>NEW JERSEY</b>			
POLLO POLLO LLC	973-246-7319	962 Main Ave	PASSAIC NJ 7055
THAT NYC LLC	856-389-3391	210 BRAOD AVE	PALISADES PARK NJ 7650
<b>NEVADA</b>			
H & K LLC	725-205-4806	450 E SILVERADO RANCH BLVD #125	LAS VEGAS NV 89183
LLV, INC	702-462-2178	6649 S LAS VEGAS BLVD K1	LAS VEGAS NV 89119
<b>NEW YORK</b>			
TWOHANDS 101 INC	646-912-9684	147 AVENUE A	NEWYORK NY 10009
GOMMY 01 INC	917-675-6744	95 MAC DOUGAL ST	NEWYORK NY 10012
<b>TEXAS</b>			
TH BELLAIRE LLC	713-239-0929	9393 BELLAIRE BLVD	HOUSTON TX 77036
CM54 ENTERPRISE LLC	972-424-3500	226 E FM RD 544 STE 108	MURPHY TX 75094
DATHACO LLC	214-632-7669	3811 S COOPER ST	ARLINGTON TX 76015
DATHACO LLC	214-632-7669	4800 HULEN ST	FORT WORTH TX 76132
DATHACO LLC	972-252-3886	3880 IRVING MALL	IRVING TX 75062
Golden Time F&B Co LLC	978-975-5096	2625 W PIONEER PKWY STE 213	GRAND PRAIRIE TX 75051
LEO & CLAIRE LLC	281-302-6522	3540 highway 6	SUGARLAND TX 77478
XHUANG LLC	832-437-8146	23330 GRAND CIRCLE BLVD	KATY TX 77450
<b>VIRGINIA</b>			
CHARMSIROO INC	703 354-5488	4231 MARKAM ST. Suite N	ANNANDALE VA 22003
SIROO & JUK STORY INC	703 543-7152	13830 LEE HWY	CENTREVILLE VA 20120

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

**FRANCHISEES WHO HAD SIGNED AN AGREEMENT, BUT WHOSE OUTLET HAD NOT  
YET OPENED AS OF DECEMBER 31, 2021**

JIN PARK	ANCHORAGE	AK	927-227-5833	800 E DIMOND BLVD, ANCHORAGE, AK 99515
SEUNGHEE KANG	LITTLE ROCK	AR	501-343-5952	11525 CANTRELL RD, #914, LITTLE ROCK, AR 72212
AMELIANA BERG	CANNON BEACH	AZ	309-660-2374	4459 S POWER RD, SUITE B104, MESA, AZ 85236
DUC H THAI	SAN TAN VALLEY	AZ	To be provided	530 E HUNT HWY, #107, SAN TAN VALLEY, AZ 85143
JAMES DAVIS	PHOENIX 2	AZ	425-922-2551	4727 E BELL ROAD, SUITE #15, PHOENIX AZ 85032
JOHN ANN	TUCSON	AZ	To be provided	1225 W IRVINGTON RD TUCSON, AZ 85714
TWO HANDS CORN DOG BROADWAY, INC.	TUCSON	AZ	781-786-1193	5421 EAST BROADWAY BLVD, TUCSON, AZ, 85711
EUN JIN LEE	MIRA MESA	CA	928-420-4346	8111 MIRA MESA BLVD, SAN DIEGO, CA
JEONG HEE LEE	CERRITOS	CA	213-393-0432	13309 ARTESIA BLVD CERRITOS, CA 90746
THAI TO	EL MONTE	CA	714-889-9538	2821 N PECK RD, #D, EL MONTE, CA 91733
VIVIAN NA	LITTLE TOKYO	CA	213-249-1032	118 JAPANESE VILLAGE PLAZA, STE 118, LOS ANGELES, CA 90012
WHJ GROUP INC.	MESA	CA	832-757-0035	6740 E UNIVERSITY DR, MESA, AZ 85205
WILLIAM OH	BUENA PARK	CA	To be provided	8285 ON THE MALL, STE 217, BUENA PARK, CA 90620
YUJIN CHUNG	WHITTIER	CA	949-246-9186	6507 MILTON AVE, WHITTIER CA 90601
TWO HANDS DU INC	UNIVERSITY DENVER	CO	720-253-8800	2076 S UNIVERSITY BLVD, DENVER, CO 80210
BM F&B INC.	DULUTH	GA	678-665-2283	3280 SATELLITE BLVD NW, DULUTH, GA 30096
BM F&B INC.	MCDONOUGH	GA	678-665-2283	1495 HWY 20 MCDONOUGH, GA, 30253
TWOHANDS 840 INC	KENNESAW	GA	678-324-8207	840 ERNEST W BARRETT PKWY, KENNESAW, GA 30144
LING LING NI JON MOON	AURORA	IL	937-344-7445	4360 E NEW YORK ST. AURORA, IL 60504
VAN BUI	INDIANAPOLIS	IN	317-771-6800	8729 US HIGHWAY 31S, INDIANAPOLIS, IN, 46227
TONY PHAN	WICHITA	KS	316-932-9455	4510 E 19TH ST N, STE 106, WICHITA, KS 67208
JONATHAN PRICE	MACOMB	MI	586-709-3288	21497 21 MILE ROAD MACOMB, MICHIGAN, 48044

SARAH YI	TROY	MI	248-229-7879	911 WILSHIRE DR, TROY, MI 48084
HONG LE	ALBUQUERQUE	NM	505-393-8888	5604 MENAUL BLVD NE ALBUQUERQUE, NM 87110
JOSEPH KO	K-TOWN	NY	917-769-8191	1 E 32ND STREET, NEW YORK, NY 10016
TAO HUANG	HILLSBORO	OR	541-602-7454	2055 NW 185TH AVE, HILLSBORO, OR 97124
MAI NGUYNE	COLUMBIA	SC	803-609-3425	3071 LONGTOWN COMMONS RD. COLUMBIA, SC 29229
JAY SONG	SPRINGS	TX	214-727-7119	21117 NORTH FREEWAY, SPRING, TX, 77388.
JAY SONG	ROUND ROCK	TX	214-727-7119	201 UNIVERSITY OAKS BLVD., BUILDING #009, SUITE540, ROUND ROCK, TX, 78665
KEHUI ZHONG	HOUSTON	TX	279-484-5890	4796 BEECHNUT STREET, HOUSTON, TX
ROSE HOANG	TOWN EAST MALL	TX	469-279-2799	2063 TOWN EAST MALL, MESQUITE, TX 75150
TWOHANDS WINDERMERE INC	WINDERMERE	TX	To be provided	12149 FM 1960, HOUSTON, TX 77065
XIAOLI GUO	SUGARLAND	TX	832-757-0035	13550 UNIVERSITY BLVD, SUGAR LAND, TX 77479
TWO HANDS 9298 SANDY INC	SANDY	UT	To be provided	9298 S VILLAGE SHOP DR, SANDY, UT, 84094

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

**EXHIBIT F**

**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM**  
**IN 2022**

None.

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

**EXHIBIT G**

**FINANCIAL INFORMATION**






# **Two Hands America, Inc. and Subsidiaries**

Consolidated Financial Statements

December 31, 2022



The report accompanying these consolidated financial statements was  
Issued by KYJ, LLP, a California limited liability partnership,  
and its contents are to be used by intended audience only.  
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**TWO HANDS AMERICA, INC AND SUBSIDIARIES**  
December 31, 2022

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2020 Camino Del Rio N. Suite 310  
San Diego, CA 92108  
T 619.542.1357 F 619.542.1479  
[www.kyjcpa.com](http://www.kyjcpa.com)

SAN DIEGO  
IRVINE  
LA PALMA

## **Independent Auditor's Report**

To the Board of Director and shareholder of  
Two Hands America, Inc.

### **Qualified Opinion**

We have audited the accompanying consolidated financial statements of Two Hands America, Inc. and its subsidiaries (collectively, the "Company"), which comprise the consolidated balance sheet as of December 31, 2022, and the related consolidated statement of income, changes in shareholder's equity, and cash flows for the year then ended December 31, 2022, and the related notes to the consolidated financial statements.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Two Hands America, Inc. and its subsidiaries as of December 31, 2022, and the results of their operations, changes in shareholder's equity, and their cash flows for the year then ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Qualified Opinion**

We were unable to obtain appropriate audit evidence for Two Hands America, Inc. and its subsidiaries' opening balance as of January 1, 2022, since that date was prior to our appointment as auditor. We were unable to obtain sufficient and appropriate audit evidence on which to base the opinion, but we concluded that the possible effects on the consolidated financial statements of undetected misstatements, if any, could be material but not pervasive.

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

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Two Hands America, Inc. and its subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.



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T 619.542.1357 F 619.542.1479  
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## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Two Hands America, Inc. and its subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Two Hands America, Inc. and its subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

*Kim Yoo Jang, LLP.*

San Diego, California  
March 24, 2023

**TWO HANDS AMERICA, INC AND SUBSIDIARIES**

## Consolidated Balance Sheet

As of December 31, 2022

**ASSETS**

## Current assets:

Cash and cash equivalents	\$	324,840
Accounts receivable		260,459
Prepaid expenses and other		33,238
Due from affiliates (Note 5)		452,696

Total current assets		1,071,233
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Property and equipment, net (Note 4)		1,577,538
Intangible assets, net		16,358
Right of use assets, net (Note 6)		1,796,630
Security deposits		135,073
Deferred income taxes, non-current (Note 10)		33,377

Total Assets	\$	4,630,209
--------------	----	-----------

**LIABILITIES AND SHAREHOLDER'S EQUITY**

## Current liabilities:

Due to affiliates (Note 5)	\$	211,790
Due to a shareholder (Note 5)		139,252
Current portion of lease liability (Note 6)		271,586
Current portion of notes payable (Note 7)		949,894
Taxes payable (Note 8)		106,001
Accrued expenses and other (Note 9)		120,777

Total current liabilities		1,799,300
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## Long-term liabilities:

Lease liability, net of current portion (Note 6)		1,624,151
Notes payable, net of current (Note 7)		361,189

Total liabilities		3,784,640
-------------------	--	-----------

## Shareholder's equity:

Common stock, \$1 par value; authorized 150,000 shares; authorized, issued and outstanding		150,000
Additional paid-in capital		148,392
Retained earnings		547,177

Total shareholder's equity		845,569
----------------------------	--	---------

Total Liabilities and Shareholder's Equity	\$	4,630,209
--	----	-----------

See auditor's report and accompanying notes to consolidated financial statements.

**TWO HANDS AMERICA, INC AND SUBSIDIARIES**Consolidated Statement of Income  
For the year ended December 31, 2022

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Revenues:		
Franchise fees	\$	692,500
Franchise royalties		760,866
Rebate income		781,565
Restaurant sales		586,491
Marketing income		192,117
Others		82,432
Total revenues		3,095,971
Cost of revenues		
Food purchase		275,013
Restaurant supplies and other		76,097
Total cost of revenue		351,110
Gross profit		2,744,861
Selling, general, and administrative expenses		2,398,236
Income from operations		346,625
Interest expense, net		(50,169)
Income before income tax provision		296,456
Income tax provision (Note 10)		94,842
Net Income	\$	201,614

---

See auditor's report and accompanying notes to consolidated financial statements.

**TWO HANDS AMERICA, INC AND SUBSIDIARIES**  
Consolidated Statement of Changes in Shareholder's Equity  
For the year ended December 31, 2022

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-in Capital	Earnings	Shareholder's Equity
Balance, January 1, 2022	150,000	\$ 150,000	\$ 144,200	\$ 358,401	\$ 652,601
Additional paid-in capital (Note 11)			4,192	-	4,192
Prior period adjustment (Note 12)				39,731	39,731
Adoption of ASU 2016-02 (Note 6)				(52,569)	(52,569)
Net income				201,614	201,614
Balance, December 31, 2022	150,000	\$ 150,000	\$ 148,392	\$ 547,177	\$ 845,569

See auditor's report and accompanying notes to consolidated financial statements.

**TWO HANDS AMERICA, INC AND SUBSIDIARIES**

Consolidated Statement of Cash Flows

For the year ended December 31, 2022

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$	201,614
Adjustments to reconcile net income to net cash		
Provided by (used in) operating activities:		
Depreciation and amortization		94,014
Non-cash portion of lease expense		46,538
Interest expense		1,808
Deferred taxes		(33,377)
Changes in assets and liabilities:		
Accounts receivable		(135,592)
Prepaid expenses and other		(3,238)
Due from affiliates		(131,642)
Due to affiliates		211,790
Due to a shareholder		(291,417)
Loan fee		(11,144)
Security deposits		(25,145)
Accrued expenses and other		(18,335)
Net cash used in by operating activities		(94,126)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment		(1,162,704)
Net cash used in investing activities		(1,162,704)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings		1,200,000
Payments of borrowings		(8,917)
Additional paid-in capital		4,193
Net cash provided by financing activities		1,195,276
Net decrease in cash and cash equivalents		(61,554)
Cash and cash equivalents, beginning of year		386,394
Cash and cash equivalents, end of year	\$	324,840
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:</b>		
Cash paid during the year for:		
Interest expense	\$	48,383
Income taxes		143,903

See auditor's report and accompanying notes to consolidated financial statements.



## **Note 1 - Organization and Nature of Business**

### **Basis of Consolidated Financial Statements Presentation**

The accompanying consolidated financial statements include those of Two Hands America, Inc., and its wholly owned subsidiaries (collectively the "Company"). All significant inter-company balances and transactions have been eliminated in consolidation.

The Company has eight (8) affiliate companies. Eight affiliate companies, CNP Gaju #1, Inc., CNP Gaju #2, Inc., OFD the source, Inc., Two Hands 101, Inc., Two Hands 250, Inc., Two Hands 9298 Sandy, Inc., Link Gaju, Inc., and Link Lakewood, Inc. are wholly owned by the sole shareholder of the Company.

In 2022, Two Hands America, Inc. entered into a stock transfer agreement (the "Agreement") with the sole shareholder. Pursuant to the Agreement, the sole shareholder transferred 100% interest of 1929 Two Hands Chandler, Inc., CNP Chapman, Corp, Two Hands 840, Inc., Two Hands DU, Inc., and Two Hands Windermere, Inc. (the "affiliates") to Two Hands America, Inc. As a result of the exchange, net assets and operation results of the affiliates were consolidated in the consolidated financial statements. During the year presented in the consolidated financial statements, the control of the entities has never changed (always under the control of the sole shareholder). Accordingly, the combination has been treated as a corporate restructuring (reorganization) of entities under common control and thus the current capital structure has been presented at the beginning of the year as if such structure existed at that time and in accordance with ASC 850-50.

### **Business Description**

Two Hands America, Inc. ("THA") was incorporated in California on July 5, 2020. THA offers franchises for the operation of Two Hands Outlets that offer unique crispy hot dogs, corn dogs, and beverages, as well as other related products and services. THA wholly owns and controls the following entities:

- 1929 Two Hands Chandler, Inc ("1929 Chandler") is an Arizona corporation, incorporated on February 16, 2022. The Company operated one (1) Two Hands store in Chandler, Arizona.
- CNP Chapman, corp. is a California corporation, incorporated on September 23, 2019. The Company operated one (1) sandwich cafe in Los Angeles, California.
- Two Hands 840, Inc. is a Georgia corporation, incorporated on June 24, 2021. The Company is planning to open one (1) Two Hands store in Duluth, Georgia in 2023.
- Two Hands DU, Inc. is a Colorado corporation, organized on October 25, 2021. The Company is planning to open one (1) Two Hands store in Denver, Colorado in 2023.
- Two Hands Windermere, Inc. is a Texas corporation, organized on August 24, 2022. The Company is planning to open one (1) Two Hands store in Houston, Texas in 2023.

## **Note 2 - Summary of Significant Accounting Policies**

This summary of significant accounting policies of Two Hands America, Inc. and its subsidiaries is presented to assist in understanding the Company's consolidated financial statements. The consolidated financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

See auditor's report and accompanying notes to consolidated financial statements.

## Note 2 - Summary of Significant Accounting Policies, continued

**Presentation of Consolidated Financial Statement** – Financial Accounting Standards Board issued ASU No. 2018-17, Consolidation (topic ASC 810) that provides private companies an accounting policy election not to apply variable-interest entity (VIE) guidance to legal entities under common control when certain criteria are met as long as the common control parent and the legal entity being evaluated for consolidation are not public. As the Company meets the criteria and elects the accounting alternative not to apply VIE guidance, the accompanying consolidated financial statements did not include the accounts of its affiliates which are wholly owned by the sole shareholder of the Company.

**Use of Estimates** – The preparation of the accompanying consolidated financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

**Cash and Cash Equivalents** – The Company considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Accounts Receivable and Allowance for Doubtful Accounts** – Account receivable are stated net of allowances. The estimate of the allowance for doubtful accounts is based on the Company's historical experiences and its judgment as to the likelihood of ultimate payment. Actual receivables are written-off against the allowance for doubtful accounts when the Company determines the balance will not be collected.

**Property and Equipment** – The Company follows the practice of capitalizing all material expenditures for fixed assets. Depreciation is recorded on a straight-line basis. The useful lives used to depreciate assets are as follows:

Automobile	5 years
Computer	5 years
Leasehold improvement	10 ~ 15 years
Furniture and equipment	7 years

In accordance with ASC 842-20-35-12, leasehold improvements are depreciated over the shorter of the above useful life and the remaining lease terms.

Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations.

**Intangible assets** - The Company accounts for intangible assets in accordance with ASC 350 (Formerly: Statement of Financial Accounting Standards No. 142, "Intangibles-Goodwill and other") ("ASC 350"). Intangible assets, consisting of technology, patents, trademarks, and financing fee, are amortized on a straight-line basis over periods ranging from three to fifteen years. ASC 350 requires that indefinite-lived intangible assets be tested for impairment using a one-step process that consists of the comparison of the fair value to the carrying value of the intangible assets. Intangible assets are deemed to be impaired if the net book value exceeds the estimated fair value.

See auditor's report and accompanying notes to consolidated financial statements.

**Revenue** – The Company’s revenues are mainly comprised of restaurant sales, franchise royalties and other fees. Restaurant sales are comprised almost entirely of food and beverage sales; franchise royalties consist of mostly royalty, marketing income, franchise fees; and other fees are revenue for various general and administrative services provided.

Upon entering into a franchise agreement, the Company charges initial franchise fees solely for pre-opening activities which are fully collectible and non-refundable. The Company elected a practical expedient that simplifies the identification of performance obligations for pre-opening services under ASC 2021-02, *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606)*. As the practical expedient is elected, the pre-opening services provided by the Company to franchisees are accounted for as a single performance obligation, distinct from the franchise license. Non-refundable franchise fees are recognized as revenue when the related performance obligations under the terms of the franchise agreement with the Company’s customer are satisfied.

Per the terms of the franchise agreements, the Company charges royalty fees monthly, which are based on a percentage of the franchisee’s monthly gross revenues. The Company also charges fees for a marketing fund, generally based on 1% of the franchisee’s monthly gross revenues. In accordance with ASC 606-10-55-65, these fees are recognized as revenue at the later of when the sales occur, or the related performance obligation is satisfied.

**Income Taxes** - The Company accounts for income taxes in accordance with ASC 740 (Formerly: Statement of Financial Accounting Standards No. 109), “Income Taxes” (“ASC 740”). This Statement prescribes the use of the liability method whereby deferred tax assets and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value.

**Advertising Expense** – Advertising costs are expensed as incurred. Total amount expensed for the year ended December 31, 2022 was approximately \$170,000.

**Concentration of Credit Risk** – Financial instruments which subject the Company to concentrations of credit risk consists primarily of cash and accounts receivable. The Company’s cash is deposited with financial institutions located in the United States. The combined account balances at one or more institutions could periodically exceed the Federal Depository Insurance Corporation (“FDIC”) insurance coverage and, as a result, there is a concentration of credit risk related to amounts on deposits in excess of FDIC insurance coverage. However, the management does not believe the risk is significant based on their review of the rating of the institutions where the Company’s cash is deposited. FDIC insurance currently covers up to \$250,000 per depositor at each insured bank.

See auditor’s report and accompanying notes to consolidated financial statements.

**Recent Accounting Pronouncement** – In July 2018, the FASB issued ASU No. 2018-11, Leases (Topic 842): Targeted Improvements ("ASU 2018- 11"), which provides clarifications and improvements to ASU 2016-02 including allowing entities to elect an additional transition method with which to adopt ASU 2016-02. The approved transition method enables entities to apply the transition requirements in this ASU at the effective date of ASU 2016-02 (rather than at the beginning of the earliest comparative period presented) with the effect of initially applying ASU 2016-02 recognized as a cumulative-effect adjustment to retained earnings in the period of adoption. Consequently, an entity's reporting for the comparative periods presented in the year of adoption would continue to be in accordance with ASC 840, Leases (Topic 840) ("ASC 840"), including the disclosure requirements of ASC 840. The Company adopted the new lease standard, Accounting Standards Codification Topic 842, Leases ("ASC 842"), effective January 1, 2022, using the modified-retrospective transition approach as outlined in ASU 2018-11, with no restatement of comparative periods. As permitted by the standard, the Company elected certain practical expedients, including the "package of practical expedients," under which the Company did not reassess its prior conclusions regarding lease identification, lease classification, or capitalization of initial lease direct costs for existing or expired contracts. For the leases, the Company elected the practical expedient to not separate lease and non-lease components. Under the modified-retrospective transition approach, the Company has recorded adjustments to the opening balance sheet (as of January 1, 2022) to recognize an initial operating lease right-of-use asset and corresponding initial lease liability. The Company recorded a cumulative-effect adjustment to retained earnings in the period of adoption. See Note 6, "Leases" for further details.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740) ("ASU 2019-12"), which simplified the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and by clarifying and amending existing guidance. The amendments are effective for the Company for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption of the amendments is permitted, including adoption in any interim period. The adoption of the ASU 2019-12 did not have a material impact on its consolidated financial statements.

In November 2021, the FASB issued ASU No. 2021-09, Leases (Topic 740) ("ASU 2021-09"), which provides a practical expedient to lessees that are not public business entities by allowing them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this Update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. The amendments are effective for the Company for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption of the amendments is permitted, including adoption in any interim period. Entities are required to apply the amendments on a modified retrospective basis to leases that exist at the beginning of the fiscal year of adoption of a final update. The Company adopted the ASU 2021-09 and elected to use a risk-free rate for its lease adoption.

See auditor's report and accompanying notes to consolidated financial statements.

### Note 3 – Summary of Franchises Outlets

As of December 31, 2022, franchise outlets consisted of the followings:

Company owned stores	
In operation, beginning of year	5
Opened during the year	1
Sold during the year	-
In operation, end of year	6
Franchise locations (domestic)	
In operation, beginning of year	15
New franchise locations opened during the year	25
Franchise locations closed during the year	(1)
In operation, end of year	39

### Note 4 – Property and Equipment

As of December 31, 2022, the components of property and equipment are summarized as follows:

Furniture and equipment	\$	331,470
Leasehold Improvements		1,403,871
		1,735,341
Less: Accumulated depreciation		(157,803)
Property and equipment, net	\$	1,577,538

Depreciation expense for these assets was \$92,928 for the year ended December 31, 2022.

### Note 5 – Related Party Transactions

As part of the normal course of business, the Company engages in transactions with its sole shareholder and its affiliates.

The Company's related party transactions and balances for the year ended December 31, 2022 were as follows:

Due from affiliates	\$	452,696
Due to affiliates		211,790
Due to a shareholder		139,252
Revenue from affiliates		103,923

See auditor's report and accompanying notes to consolidated financial statements.

## Note 6 – Leases

The Company has lease agreements including office spaces and restaurant leases. These are generally leased under noncancelable agreements and include various renewal options for additional periods. Every lease of the Company is categorized as operating leases.

As discussed in Note 2, effective January 1, 2022, the Company adopted ASC 842, Leases. Under ASC 842, fixed payments associated with the leases are included in right-of-use ("ROU") assets and both current and noncurrent lease liabilities on the balance sheet. The Company determined if an arrangement was considered a lease at inception. The Company recognized ROU assets, on the commencement date based on the present value of future minimum lease payments over the lease term, including reasonably certain renewal options. By adopting a modified retrospective approach as its transition method, the Company adjusted the opening balance of retained earnings by \$52,569.

As the rate implicit in the lease is not readily determinable for the lease, the Company utilized its risk-free rate election to determine the present value of future payments. The election allows private business entities to use a risk-free rate as the discount rate for all leases.

On December 31, 2022, the components of ROU assets and lease liabilities related to leases are as follows:

	Amount
Right-of-use assets	\$ 2,521,474
Less: accumulated amortization	(724,844)
Right-of-use assets, net	\$ 1,796,630
Lease liabilities:	
Current	\$ 271,586
Non-current	1,624,151
Total operating lease liabilities	\$ 1,895,737

The Company records the amortization of the ROU assets and the accretion of the lease liabilities as a single lease expense on a straight-line basis over the lease term, which includes option terms the Company is reasonably certain to exercise. The Company recognizes the cash or lease incentives as a reduction to the ROU assets. The Company assesses ROU assets for impairment in accordance with the long-lived asset impairment policy, which is performed periodically or when events or changes in circumstances indicate that the carrying amount may not be recoverable.

See auditor's report and accompanying notes to consolidated financial statements.

## Note 6 – Leases, continued

The future undiscounted cash flows under the operating leases are as follows and are reconciled to the present value of the operating lease liabilities as recorded on the consolidated balance sheets:

Years ending December 31,	Amount
2023	\$ 305,039
2024	313,260
2025	298,195
2026	273,581
Thereafter	843,965
Total undiscounted future cash flows related to lease payments	2,034,040
Less: Interests	(138,303)
Present value of operating lease liabilities	\$ 1,895,737

The weighted average remaining lease term is 79 months, and the weighted average discount rate used to calculate the present value of operating lease liabilities is 1.90%.

## Note 7 – Notes Payable

In March 2022, the Company received a \$500,000 secured promissory note from the City One US Liaison Office. The loan has a maturity date of February 28, 2023 and carries an interest rate of 9%. The note is secured with the entire corporate stock of the Company, and properties held by the shareholder of the Company. The outstanding balance was \$462,500 as of December 31, 2022.

In July 2022, the Company received a \$400,000 SBA loan from the Pacific City Bank. The loan has a maturity date of July 15, 2032 and carries a variable interest rate starting 6.75%. The loans are secured with the Deed of Trust upon the sale or transfer of the real property held by the shareholder of the Company. The outstanding balance was \$391,245 as of December 31, 2022.

In December 2022, the Company received a \$300,000 secured promissory note from the Allstar Professional Services, Inc. The loan has a maturity date of November 31, 2023 and carries an interest rate of 10%. The note is secured with the entire corporate stock of the Company. The outstanding balance was \$300,000 as of December 31, 2022.

In 2022, the Company received a \$120,000 unsecured non-interest-bearing note from an employee. The loan is scheduled to mature in 2023.

As of December 31, 2022, notes payable balances are as follows:

	Amount
Notes payable	\$ 1,311,083
Less: current portion	(949,894)
Total notes payable, net of current portion	\$ 361,189

See auditor's report and accompanying notes to consolidated financial statements.

## Note 7 – Notes Payable, continued

The aggregate scheduled maturities of notes payable as of December 31, 2022, are as follows:

Years Ending December 31,	Amount
2023	\$ 949,894
2024	32,079
2025	34,382
2026	36,776
Thereafter	257,952
<b>Total</b>	<b>\$ 1,311,083</b>

## Note 8 – Taxes Payable

As of December 31, 2022, the components of taxes payable are summarized as follows:

Income tax payable	\$ 50,954
Payroll tax payable	35,562
Sales tax payable	19,485
<b>Total taxes payable</b>	<b>\$ 106,001</b>

## Note 9 – Accrued Expenses and Other

As of December 31, 2022, the components of accrued expenses and other are summarized as follows:

Credit card expense	\$ 19,593
Interest expense	1,808
Payroll expense	24,405
Deposits payable	70,000
Other payable	4,971
<b>Total accrued expenses and other</b>	<b>\$ 120,777</b>

## Note 10 – Income Taxes

The provision for income taxes for the year ended December 31, 2022 is as follows:

Current income taxes:	
Federal	\$ 24,576
State	39,218
	<b>63,794</b>
Deferred income taxes (benefit):	
Federal	40,298
State	(9,250)
	<b>31,048</b>
<b>Total</b>	<b>\$ 94,842</b>

See auditor's report and accompanying notes to consolidated financial statements.



## Note 10 – Income Taxes, continued

Current income taxes are based on taxable income for federal and state tax reporting purposes. Deferred income tax expenses are provided for certain income and expenses which are recognized in different periods for tax and financial reporting purposes.

Deferred income tax assets and liabilities are computed annually for differences between the financial statements and tax basis of assets and liabilities that will result in taxable or deductible amount in the future based on enacted tax laws and rates applicable to the period in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized.

The significant components of deferred income tax assets, liabilities, and valuation allowances in the accompanying balance sheet as of December 31, 2022 are as follows:

Deferred income tax assets (liabilities):	
Deferred state taxes	\$ (5,608)
State tax, prior year	7,133
Right of use assets	(536,114)
Lease liability	565,688
Basis in fixed assets	(107,487)
Basis in intangible assets	1,130
Net operating losses	108,635
Net deferred income taxes at end of year	33,377
Net deferred income taxes at beginning of year	64,425
Deferred income tax expense	\$ 31,048

In assessing the realizability of deferred income tax assets, management considers whether it is more likely than not that all the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. As of December 31, 2022, management of the Company determined that the Company will be able to fully utilize its deferred tax assets and recorded no valuation allowance against its deferred tax assets.

The Company had federal and state net operating loss carry forwards of approximately \$480,000 and \$95,000 as of December 31, 2022, respectively. For tax years beginning after December 31, 2017, the new legislation known as the Tax Cuts and Jobs Act (TCJA) limits the amount of net operating losses that can be utilized up to 80% of the excess of taxable income without respect to Section 199A (QBI), section 250 (GILTI), or net operating loss (NOL) while allowing for an indefinite carryforward. The 80% limitation enacted under the TCJA was temporarily suspended for tax years beginning before 2021 and was reinstated beginning in 2021. The Company has federal NOL carryforwards of approximately \$480,000 arising in tax years ending after December 31, 2017 that will be carried forward indefinitely. State net operating loss carryforwards will begin to expire in 2041.

See auditor's report and accompanying notes to consolidated financial statements.

The utilization of net operating loss may be limited if the company experience a section 382 ownership change. A section 382 ownership change occurs when the ownership of the company changes by more than 50 percent during the rolling 3-year period. Although the company has not performed a formal 382 analysis, management believes no such change has occurred.

The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had no accrual for interest or penalties on the Company's balance sheet on December 31, 2022 and has not recognized interest and/or penalties in the period ended December 31, 2022, since there are no material unrecognized tax benefits. Management believes no material change to the amount of unrecognized tax benefits will occur within the next 12 months.

Tax years 2019 and forward are open for examination by the IRS and tax years 2019 and forward are open for examination by the state tax authorities.

#### **Note 11 – Common Stock**

In 2022, the Company contributed additional paid-in capital of \$4,192.

#### **Note 12 - Prior Period Adjustments**

The retained earnings in the consolidated financial statements as of January 1, 2022, was increased by \$39,731. Two adjustments were made to reflect a correction of understated depreciation, in amount of (\$24,694) for the prior year and to record opening deferred tax assets, in amount of \$64,425.

#### **Note 13 – Covid-19 Pandemic**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the year ended 2022.

#### **Note 14 – Subsequent Events**

The Company has evaluated all subsequent events to the consolidated balance sheet date of December 31, 2022 through the date that the consolidated financial statements were issued on March 24, 2022 and has determined that there are no subsequent events that require disclosure under FASB Accounting Standards Codification Topic 855, *Subsequent Event*.

See auditor's report and accompanying notes to consolidated financial statements.



2020 Camino Del Rio N. Suite 310  
San Diego, CA 92108  
T 619.542.1357 F 619.542.1479  
[www.kyjcpa.com](http://www.kyjcpa.com)

SAN DIEGO  
IRVINE  
LA PALMA

To the Board of Director and shareholder of  
Two Hands America, Inc.

The supplementary information for the year ended December 31, 2022 contained in the schedule on page 20 is presented only for the purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic consolidated financial statements and, we are not aware of any material modifications that should be made to the supplemental information for it to be in conformity with accounting principles generally accepted in the United States of America.

*Kim Yoo Jang, LLP.*

San Diego, California  
March 24, 2023

See auditor's report and accompanying notes to consolidated financial statements.

**TWO HANDS AMERICA, INC AND SUBSIDIARIES**  
Schedule of Consolidated Selling, General, and Administrative Expenses  
For the year ended December 31, 2022

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Advertising	170,782
Amortization	1,086
Automobile	46,800
Bank charges	778
Commission	16,807
Depreciation	92,928
Dues and subscriptions	3,821
Insurance	17,773
Professional fees	233,923
Management fees	110,000
Meals and entertainment	67,442
Merchant account fees	16,080
Miscellaneous	9,318
Office expenses	21,580
Outside Services	24,881
Payroll expenses	819,739
Postage	2,398
Rent	358,768
Repairs and maintenance	6,657
Tax and license	50,874
Payroll taxes	67,226
Training fees	76,783
Travel	154,431
Utilities	27,361
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Total selling, general, and administrative expenses	\$ 2,398,236

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See auditor's report and accompanying notes to consolidated financial statements.



**TWO HANDS AMERICA, INC.**

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FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

**TWO HANDS AMERICA, INC.**  
**FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2021

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## **Independent Auditors' Report**

The Board of Directors and Management  
TWO HANDS AMERICA, INC.:

We have audited the accompanying financial statements of TWO HANDS AMERICA, INC. (the Company), which comprise the balance sheet as of December 31, 2021 and the related statements of loss, changes in shareholder's equity, and cash flow for the year then ended and the related notes to the financial statements.

### ***Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TWO HANDS AMERICA, INC. at December 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

A handwritten signature in dark ink, appearing to be a stylized name.

March 20, 2022  
Irvine, California

**TWO HANDS AMERICA, INC.****BALANCE SHEET**

December 31, 2021

	<b>Assets</b>	<b>2021</b>
<b>Current Assets</b>		
Cash		\$ 280,294
Accounts receivable		124,867
Other current asset		125,240
Loan receivable		423,458
Total current assets		953,859
<b>Property, plant, and equipment, net</b>		6,300
<b>Other Assets</b>		8,000
Total other assets		14,300
		968,159
<b>Liabilities and Stockholder's Equity</b>		
<b>Current Liabilities</b>		
Accounts payable		4,856
Income tax payable		131,063
Other current liabilities		44,971
Payroll liabilities		44,495
Total current liabilities		225,385
<b>Noncurrent Liabilities</b>		
Total non-current liabilities		—
Total liabilities		225,385
<b>Stockholder's equity:</b>		
Common stock, \$1 par value, 150,000 shares authorized, issued and outstanding		150,000
Additional paid in capital		123,200
Retained earnings		469,574
Total stockholder's equity		742,774
<b>Commitments and Contingencies</b>		—
Total liabilities and stockholder's equity		\$ 968,159

See auditor's report and accompanying notes to the financial statements



**TWO HANDS AMERICA, INC.**  
**STATEMENT OF LOSS**  
For the Year Ended December 31, 2021

	<u>2021</u>
<b>Revenues</b>	
Franchise fees	\$ 1,100,000
Franchise royalties	362,014
Rebate income	318,970
Other franchise income	<u>130,527</u>
Total revenues	<u>1,911,511</u>
<b>Cost of Revenues</b>	<u>324,415</u>
Gross profit	1,587,096
<b>Selling, General and Administrative Expenses</b>	<u>1,080,502</u>
Loss from operations	506,594
<b>Other Income (expense)</b>	
Interest income	4,772
Income tax expense	<u>131,063</u>
<b>Net Income</b>	<u><u>\$ 380,303</u></u>

See auditor's report and accompanying notes to the financial statements

**TWO HANDS AMERICA, INC.**  
**STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY**  
Year Ended December 31, 2021

	<b>Common stock</b>		<b>Additional</b>	<b>Retained</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>Paid in Capital</b>	<b>Earnings</b>	<b>Stockholder's Equity</b>
Balances at December 31, 2020	150,000	\$ 150,000	\$ 123,200	\$ 89,271	\$ 362,471
Net income				380,303	
Balances at December 31, 2021	<u>150,000</u>	<u>\$ 150,000</u>	<u>\$ 123,200</u>	<u>\$ 469,574</u>	<u>\$ 742,774</u>

See auditor's report and accompanying notes to the financial statements

**TWO HANDS AMERICA, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the Year Ended December 31, 2021

	<u>2021</u>
<b>Cash flows from operating activities:</b>	
Net income	\$ 380,303
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	900
Changes in operating assets and liabilities:	
Accounts receivable	(89,077)
Other current assets	(101,240)
Notes receivable	(108,124)
Accounts payable	(5,582)
Income tax payable	96,133
Unearned revenue	(30,000)
Other current liabilities	44,971
Payroll liabilities	44,495
Net cash provided by operating activities	<u><b>232,779</b></u>
<b>Cash flows from financing activity</b>	
Proceeds from additional paid in capital	<u>—</u>
Net cash (used in) provided by financing activities	<u>—</u>
Net (decrease) increase in cash and cash equivalents	232,779
<b>Cash and cash equivalents, beginning of year</b>	<u>47,515</u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 280,294</b></u>
<b>Supplemental cash flow information:</b>	
Cash received during the year for:	
Interest income	\$ 4,772

See auditor's report and accompanying notes to the financial statements

**TWO HANDS AMERICA, INC.**  
**FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2021

**Note 1 - Organization and Nature of Business**

Two Hands America, Inc. (the Company) was incorporate in California on July 5, 2020. The Company is a wholly owned by Donghun Yoo. The Company offers franchises for the operation of Two Hands Outlets that offer unique crispy hot dogs, corn dogs, and beverages, as well as other related products and servissess.

**Note 2 - Summary of Significant Accounting Policies**

This summary of significant accounting policies of the Company is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for the integrity and objectivity of these statements and notes. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements. The following items comprise the significant account policies of the Company

Revenue Recognition

The Company adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) and additional ASUs issued to clarify the guidance in ASU 2014-09 (collectively, the "New Revenue Standards"). The Company adopted the New Revenue Standard using the full retrospective method applied to all contracts and agreements after the inception of the business which is July 5<sup>th</sup>, 2020.

Initial Franchise Fee Revenue is recognized when obligations under the terms of signed franchise disclosure document with the Company's customer are satisfied. The Company amortize the initial fee revenue over the terms disclosed in franchise disclosure document which is 12 months.

Royalty fees revenues are determined as a percentage of Franchise Store gross revenue and are recognized in the same period as the related Franchise Store sales occur.

Advertising Costs

Advertising costs are expensed in the period in which they are incurred or over the life of the contract, when applicable. Advertising costs were \$189,169 for the year 2021.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**TWO HANDS AMERICA, INC.**  
**FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2021

**Note 2 - Summary of Significant Accounting Policies, continued**

*Cash and Cash Equivalents*

The Company considers all highly liquid investments purchased with a maturity of three months or less at the time of purchase to be categorized as cash and cash equivalents.

*Property and Equipment*

Property and equipment, carried at cost, is depreciated over the estimated useful life of the related asset. Costs of repairs and maintenance are charged to expense. Upon retirement or disposal of property and equipment, the costs and related depreciation are removed from the accounts, and gains or losses, if any, are reflected in the earnings for financial and income tax reporting purposes. Depreciation is provided for under the straight-line method for financial reporting and accelerated methods for income tax reporting. The estimated useful lives used for calculating depreciation for property and equipment are as follows:

Recipe and patent	10 years
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*Income Taxes*

Revenue Code and similar provisions in the state of California. Under these provisions, the Company does not pay federal corporate income taxes on its taxable income. However, it does pay a California tax at a reduced rate of 1.5% or a minimum franchise tax of \$800.

For income tax purposes, the Company reports income on the cash basis method of accounting. Under this method, certain revenues are recorded when received rather than when earned and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred.

*Recently Issued Accounting Standards*

The FASB issued ASU No. 2016 02, Leases, in February 2016. ASU 2016 02 requires an entity to recognize lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new standards are effective for public business entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. It is effective for all other entities for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted as of the beginning of any interim or annual reporting period. The Company will implement the provisions of ASU 2016 02 as of January 1, 2021. The Company lease period is contracted at annual basis, it is more than likely not the Company will be affected from new operating lease accounting.

**TWO HANDS AMERICA, INC.**  
**FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2021

**Note 3 – Summary of Franchise Outlets**

As of December 31, 2021, franchise outlets consisted of the following:

	<b>2021</b>
<b>Compnay owned stores</b>	
In operation, beginning of year	2
Opened during the year	3
Sold during the year	—
In operation, end of year	<u>5</u>
<b>Franchise locations (domestic)</b>	
In operation, beginning of year	4
New franchise locations opened during the year	11
Franchise locations closed during the year	—
In operation, end of year	<u>15</u>

**Note 4 - Property and Equipment**

Property and equipment consist of the following at December 31, 2021:

	<b>2021</b>
Recipe and Patent	9,000
Lee: Accumulated depreciation and amortization	<u>(2,700)</u>
Property, plant, and equipment, net	<u>6,300</u>

Total depreciation expense was \$900 for the year ended December 31, 2021.

**Note 5 – Loan Receivable**

The Company made loan agreements with third parties. The loan amounts bear interest on the unpaid loan at the rate of 1.5% per annum. The due date for the loan is when the Company demands repayments. The loan and interest receivable consist of the following at December 31, 2021:

	<b>2021</b>
Loan balance due from CNP Chapman, Inc.	204,212
Loan balance due from LINK Lakewood, Inc.	214,474
Interest receivable	<u>4,772</u>
Total loan receivable	<u>423,458</u>

See auditor's report and accompanying notes to the financial statements

**TWO HANDS AMERICA, INC.**  
**FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2021

**Note 6 – Income Tax Expense**

The Company accounts for income taxes using the asset and liability approach as prescribed by ASC 740, "Income Taxes". This approach requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Using the enacted tax rates in effect for the year in which the differences are expected to reverse, deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax basis of an asset or liability. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. However, after the calculation the differences were immaterial to the financial statements and therefore will not be reflected.

Income tax expense consists of the following for the year ended December 31, 2021:

Income tax expense:	
Federal	\$ 90,147
State	40,916
Total	<u>\$ 131,063</u>

**Note 7 – Selling, General and Administration Expense**

	<b>2021</b>
Amortization Expenses	\$ 900
Automobile Expenses	27,535
Bank Service Charges	25
Business Licenses & Permits	40,600
Commissions	10,000
Insurance Expenses	1,813
Legal Expenses	145,000
Marketing Expenses	189,169
Meals and Entertainment	21,783
Merchant Account Fees	338
Office Expenses	18,033
Office Supplies	6,093
Payroll Expenses	296,258
Professional Fees	169,843
Rent Expense	84,529
Shipping Expenses	6,659
Travel Expenses	58,696
Utilities	3,228
	<u><u>\$ 1,080,502</u></u>

**Note 8 - Subsequent Events**

The Company has evaluated all subsequent events to the balance sheet date of December 31, 2021 through March 20, 2022, the date that the financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure.

See auditor's report and accompanying notes to the financial statements



**TWO HANDS AMERICA, INC.**

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FINANCIAL STATEMENTS

For the Year Ended December 31, 2020



**TWO HANDS AMERICA, INC.**  
**FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

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## **Independent Auditors' Report**

The Board of Directors and Management  
TWO HANDS AMERICA, INC.:

We have audited the accompanying financial statements of TWO HANDS AMERICA, INC. (the Company), which comprise the balance sheet as of December 31, 2020 and the related statements of loss, changes in shareholder's equity, and cash flow for the year then ended and the related notes to the financial statements.

### ***Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TWO HANDS AMERICA, INC. at December 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

April 12, 2021  
Irvine, California

**TWO HANDS AMERICA, INC.****BALANCE SHEET**

December 31, 2020

<b>Assets</b>	<b>2020</b>
<b>Current Assets</b>	
Cash	\$ 47,515
Accounts receivable	35,790
Other current asset	24,000
Loan receivable	315,334
Total current assets	422,639
<b>Property, plant, and equipment, net</b>	7,200
<b>Other Assets</b>	8,000
Total other assets	15,200
	437,839
<b>Liabilities and Stockholder's Equity</b>	
<b>Current Liabilities</b>	
Accounts payable	10,438
Income tax payable	22,771
Unearned revenue	80,000
Total current liabilities	113,209
<b>Noncurrent Liabilities</b>	
Total non-current liabilities	—
Total liabilities	113,209
<b>Stockholder's equity:</b>	
Common stock, \$1 par value, 150,000 shares authorized, issued and outstanding	150,000
Additional paid in capital	123,200
Retained earning	51,430
Total stockholder's equity	324,630
<b>Commitments and Contingencies</b>	—
Total liabilities and stockholder's equity	\$ 437,839

See auditor's report and accompanying notes to the financial statements

**TWO HANDS AMERICA, INC.**  
**STATEMENT OF LOSS**  
For the Year Ended December 31, 2020

	<u><b>2020</b></u>
<b>Revenues</b>	
Franchise fees	\$ 197,820
Franchise royalties	31,012
Rebate income	<u>42,933</u>
Total revenues	<u>271,765</u>
<b>Cost of Revenues</b>	<u>59,634</u>
Gross profit	212,131
<b>Selling, General and Administrative Expenses</b>	<u>141,417</u>
Loss from operations	70,714
<b>Other Income (expense)</b>	
Interest income	5,596
Income tax expense	<u>(22,771)</u>
<b>Net Income</b>	<u><u>\$ 53,539</u></u>

See auditor's report and accompanying notes to the financial statements

**TWO HANDS AMERICA, INC.**  
**STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY (DEFICIENCY)**  
Year Ended December 31, 2020

	<b>Common stock</b>		<b>Retained</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>Earning</b>	<b>Stockholder's</b>
				<b>Equity</b>
Balances at December 31, 2019	150,000	\$ 250,000	\$ (2,109)	\$ 247,891
Additional Paid in Capital		23,200		23,200
Net Income			53,539	53,539
Balances at December 31, 2020	<u>150,000</u>	<u>\$ 273,200</u>	<u>\$ 51,430</u>	<u>\$ 324,630</u>

See auditor's report and accompanying notes to the financial statements

**TWO HANDS AMERICA, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the Year Ended December 31, 2020

	<u>2020</u>
<b>Cash flows from operating activities:</b>	
Net income	\$ 53,539
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	900
Changes in operating assets and liabilities:	
Accounts receivable	(35,790)
Other current assets	(24,000)
Security deposit	(8,000)
Notes receivable	(74,635)
Accounts payable	9,438
Income tax payable	22,771
Unearned revenue	80,000
Net cash provided by operating activities	<u>24,223</u>
<b>Cash flows from financing activity</b>	
Proceeds from additional paid in capital	23,200
Net cash (used in) provided by financing activities	<u>23,200</u>
Net (decrease) increase in cash and cash equivalents	47,423
<b>Cash and cash equivalents, beginning of year</b>	<u>92</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 47,515</u></u>
 Supplemental cash flow information:	
Cash received during the year for:	
Interest income	\$ 5,596

See auditor's report and accompanying notes to the financial statements

**TWO HANDS AMERICA, INC.**  
**FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

**Note 1 - Organization and Nature of Business**

Two Hands America, Inc. (the Company) was incorporate in California on July 5, 2020. The Company is a wholly owned by Donghun Yoo. The Company offers franchises for the operation of Two Hands Outlets that offer unique crispy hot dogs, corn dogs, and beverages, as well as other related products and servissess.

**Note 2 - Summary of Significant Accounting Policies**

This summary of significant accounting policies of the Company is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for the integrity and objectivity of these statements and notes. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements. The following items comprise the significant account policies of the Company

*Revenue Recognition*

The Company adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) and additional ASUs issued to clarify the guidance in ASU 2014-09 (collectively, the "New Revenue Standards"). The Company adopted the New Revenue Standard using the full retrospective method applied to all contracts and agreements after the inception of the business which is July 5<sup>th</sup>, 2020.

Initial Franchise Fee Revenue is recognized when obligations under the terms of signed franchise disclosure document with the Company's customer are satisfied. The Company amortize the initial fee revenue over the terms disclosed in franchise disclosure document which is 12 months.

Royalty fees revenues are determined as a percentage of Franchise Store gross revenue and are recognized in the same period as the related Franchise Store sales occur.

*Advertising Costs*

Advertising costs are expensed in the period in which they are incurred or over the life of the contract, when applicable. Advertising costs were \$38,874 for the year 2020.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**TWO HANDS AMERICA, INC.**  
**FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

**Note 2 - Summary of Significant Accounting Policies, continued**

*Cash and Cash Equivalents*

The Company considers all highly liquid investments purchased with a maturity of three months or less at the time of purchase to be categorized as cash and cash equivalents.

*Property and Equipment*

Property and equipment, carried at cost, is depreciated over the estimated useful life of the related asset. Costs of repairs and maintenance are charged to expense. Upon retirement or disposal of property and equipment, the costs and related depreciation are removed from the accounts, and gains or losses, if any, are reflected in the earnings for financial and income tax reporting purposes. Depreciation is provided for under the straight-line method for financial reporting and accelerated methods for income tax reporting. The estimated useful lives used for calculating depreciation for property and equipment are as follows:

Recipe and patent	10 years
-------------------	----------

*Income Taxes*

Revenue Code and similar provisions in the state of California. Under these provisions, the Company does not pay federal corporate income taxes on its taxable income. However, it does pay a California tax at a reduced rate of 1.5% or a minimum franchise tax of \$800.

For income tax purposes, the Company reports income on the cash basis method of accounting. Under this method, certain revenues are recorded when received rather than when earned and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred.

*Recently Issued Accounting Standards*

The FASB issued ASU No. 2016 02, Leases, in February 2016. ASU 2016 02 requires an entity to recognize lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new standards are effective for public business entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. It is effective for all other entities for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted as of the beginning of any interim or annual reporting period. The Company will implement the provisions of ASU 2016 02 as of January 1, 2021. The Company lease period is contracted at annual basis, it is more than likely not the Company will be affected from new operating lease accounting.



**TWO HANDS AMERICA, INC.**  
**FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

**Note 3 – Summary of Franchise Outlets**

As of December 31, 2020, franchise outlets consisted of the following:

	<b>2020</b>
<b>Company owned stores</b>	
In operation, beginning of year	—
Purchased during the year	—
Sold during the year	—
In operation, end of year	—
<b>Franchise locations (domestic)</b>	
In operation, beginning of year	—
New franchise locations opened during the year	6
Franchise locations closed during the year	—
In operation, end of year	6

**Note 4 - Property and Equipment**

Property and equipment consist of the following at December 31, 2020:

	<b>2020</b>
Recipe and Patent	9,000
Lee: Accumulated depreciation and amortization	(1,800)
Property, plant, and equipment, net	7,200

Total depreciation expense was \$900 for the year ended December 31, 2020.

**Note 5 – Loan Receivable**

The Company made loan agreements with third parties. The loan amounts bear interest on the unpaid loan at the rate of 1.5% per annum. The due date for the loan is when the Company demands repayments. The loan and interest receivable consist of the following at December 31, 2020:

	<b>2020</b>
Loan balance due from CNP Chapman, Inc.	97,504
Loan balance due from LINK Lakewood, Inc.	212,233
Interest receivable	5,596
Total loan receivable	315,333

See auditor's report and accompanying notes to the financial statements

**TWO HANDS AMERICA, INC.**  
**FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2020

**Note 6 – Income Tax Expense**

The Company accounts for income taxes using the asset and liability approach as prescribed by ASC 740, "Income Taxes". This approach requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Using the enacted tax rates in effect for the year in which the differences are expected to reverse, deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax basis of an asset or liability. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. However, after the calculation the differences were immaterial to the financial statements and therefore will not be reflected.

Income tax expense consists of the following for the year ended December 31, 2020:

Income tax expense:	
Federal	\$ 16,025
State	6,746
Total	<u>\$ 22,771</u>

**Note 7 – Selling, General and Administration Expense**

	<b>2020</b>
Amortization Expenses	\$ 900
Bank Service Charges	8
Business Licenses & Permits	25
Commissions	15,000
Marketing Expenses	38,874
Meals and Entertainment	33
Merchant Account Fees	184
Moving Expenses	375
Office Supplies	307
Professional Fees	31,305
Rent Expense	48,700
Shipping Expenses	2,638
Utilities	3,068
	<u>\$ 141,417</u>

**Note 8 - Subsequent Events**

The Company has evaluated all subsequent events to the balance sheet date of December 31, 2020 through April 12, 2021, the date that the financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure.

**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 document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	
Illinois	
Maryland	
Michigan	
Minnesota	
New York	
Virginia	
Washington	

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.

**RECEIPT**

**(RETURN ONE COPY TO US)**

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 TWO HANDS AMERICA, INC. OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU 14 CALENDAR-DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE.

UNDER NEW YORK LAW, THIS DISCLOSURE DOCUMENT MUST BE PROVIDED TO YOU AT THE EARLIER OF THE FIRST PERSONAL MEETING OR 10 BUSINESS DAYS BEFORE THE EXECUTION OF THE FRANCHISE OR OTHER AGREEMENT OR THE PAYMENT OF ANY CONSIDERATION THAT RELATES TO THE FRANCHISED RELATIONSHIP.

IF TWO HANDS AMERICA, INC. DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE STATE ADMINISTRATORS LISTED IN EXHIBIT A.

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

TWO HANDS AMERICA, INC.  
Donghun Yoo, CEO  
3483 Satellite Blvd., Suite 302S  
Duluth, GA 30096  
(501) 247-1974

Date of Issuance: March 29, 2023

I have received a disclosure document dated March 29, 2023 that included the following Exhibits:

- A. State Administrators/Agents for Service of Process
- B. State Specific Addendum
- C. Franchise Agreement
- D. Table of Contents of Confidential Operating Manual
- E. List of Franchisees
- F. List of Franchisees Who Have Left the System
- G. Financial Statements

Dated: \_\_\_\_\_

\_\_\_\_\_  
Prospective Franchisee

\_\_\_\_\_  
Printed Name

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IF TWO HANDS AMERICA, INC. DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE STATE ADMINISTRATORS LISTED IN EXHIBIT A.

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- D. Table of Contents of Confidential Operating Manual
- E. List of Franchisees
- F. List of Franchisees Who Have Left the System
- G. Financial Statements

Dated: \_\_\_\_\_

\_\_\_\_\_  
Prospective Franchisee

\_\_\_\_\_  
Printed Name