

**FRANCHISE DISCLOSURE DOCUMENT**  
**EB FRANCHISES, LLC**  
a Delaware limited liability company  
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Beverly Hills, California 90212  
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www.elevationburger.com



We offer franchises for the operation of “Elevation Burger” restaurants offering hamburgers, chicken, fries, milkshakes, and complimentary menu items using fresh and organic ingredients on a dine-in and carry-out basis.

The total investment necessary to begin operation of one Restaurant ranges from \$508,600 to \$1,694,900 (See Item 7). This includes the initial fee in the amount of \$50,000 per Restaurant that must be paid to the franchisor (See Item 5).

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 or grant. **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 to you. To discuss the availability of disclosures in different formats, contact Warren Christiansen at 9720 Wilshire Boulevard, Suite 500 Beverly Hills, California 90212, 310.319.1850, [info@fatbrands.com](mailto:info@fatbrands.com).

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

This disclosure document is effective: May 3, 2023

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<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 Exhibit D.
<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 A 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 Elevation Burger 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 an Elevation Burger franchisee?</b>	Item 20 or Exhibit D lists 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.

**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 I.

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

## Special Risks to Consider About *This* Franchise

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

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

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.

**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:**

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

d. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

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**Item 1**  
**THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this franchise disclosure document, “We” or “Elevation Burger” means EB Franchises, LLC, the franchisor. The term “we” only refers to EB Franchises, LLC, not its officers, directors or shareholders individually. “You” means the person who buys a franchise to operate an Elevation Burger Restaurant. If this person is a corporation, partnership or other business entity, the term “you” includes the business entity and its owners.

This franchise disclosure document has been prepared in “plain English,” as required by law. However, you must still carefully read the actual agreements that you will sign. These agreements will control if there is a dispute between us.

**The Franchisor, its Predecessor and Affiliates**

We are a Delaware limited liability company that was formed December 20, 2019. We were originally formed as a Virginia limited liability company on April 24, 2019 but reincorporated in Delaware on December 20, 2019. Our principal place of business is located at 9720 Wilshire Boulevard Suite 500 Beverly Hills, California 90212. We do business as EB Franchises, LLC and we do not operate Elevation Burger restaurants, however as described below we may from time to time manage the day to day operations of franchised locations for the franchisees’ benefit. Our website is [www.elevationburger.com](http://www.elevationburger.com).

We are a wholly-owned subsidiary of FAT Brands, Inc., a Delaware corporation incorporated on March 21, 2017 (the “Parent” or “FAT”). FAT is a party to a whole business securitization through its subsidiary, FAT Brands Royalty I, LLC (“FAT Royalty”), which is our immediate direct parent. FAT Royalty issued notes pursuant to the securitization in which substantially all of the assets held by FAT Royalty and its subsidiaries were pledged as collateral to secure the notes. FAT Royalty is a wholly-owned subsidiary of FAT. Fog Cutter Holdings LLC (“Fog Cutter”) is the controlling stockholder of FAT. FAT, FAT Royalty, and Fog Cutter are located at 9720 Wilshire Blvd., Suite 500, Beverly Hills, CA 90212.

Our predecessor is Elevation Franchise Ventures LLC, a Virginia limited liability company formed December 11, 2006. On June 19, 2019, FAT completed the acquisition of EB Franchises, LLC, a Virginia limited liability company, and its related companies (collectively, “Elevation”). In connection with the closing of the acquisition, FAT entered into a Membership Interest Purchase Agreement (the “Purchase Agreement”) with Elevation Franchise Ventures, LLC and its affiliate, the owners of Elevation, under which FAT agreed to purchase all of the membership interests of Elevation.

Our affiliates listed below offer franchises under their own trademarks and systems but do not provide products or services to our franchisees, have not conducted the type of business you will operate, have not offered franchises providing the type of business you will operate, and have never offered franchises in any other line of business. Unless otherwise disclosed, the FAT affiliates listed below share a principal business address of 9720 Wilshire Blvd., Suite 500, Beverly Hills, California 90212.

Buffalo’s Franchise Concepts, Inc. (“BFCl”) has offered franchises under the name “Buffalo’s Cafe” since 1989. Buffalo’s Cafes offer chicken wings and distinctive homemade wing sauces, burgers, wraps, steaks, salads, and other classic American cuisine. As of December 25,

2022, there were 13 franchised Buffalo's Cafes (and 133 co-branded "Fatburger" and "Buffalo's Café restaurants) operating.

Ponderosa Franchising Company ("PFC") has offered franchises under the name "Ponderosa Steakhouse" since 1994. Ponderosa Steakhouses primarily offer a buffet serving a broad array of steak, chicken and seafood entrees. As of December 25, 2022, there were 14 franchised Ponderosa Steakhouses operating.

Hurricane AMT, LLC ("HAMT") has offered franchises under the names "Hurricane Grill & Wings," "Hurricane Sports Grill," "Hurricane Dockside Grill," and "Hurricane BTW Burgers + Tacos + Wings" since 2008. Hurricane restaurants offer jumbo, fresh wings paired with over 35 signature sauces, rubs, and glazes and flavorful fan favorites including fries, tacos, and burgers. As of December 25, 2022, there were 41 franchised Hurricane restaurants (40 Hurricane Grill & Wings and 1 Hurricane BTW Burgers + Tacos + Wings restaurant) operating.

Fatburger North America, Inc. ("FBNA") has offered franchises under the name "Fatburger" since 1990. Fatburger restaurants primarily serve burgers, shakes, and fries. As of December 25, 2022, there were 193 franchised Fatburger restaurants (of which 133 are co-branded with "Fatburger" and "Buffalo's Café") operating.

Johnny Rockets Licensing, LLC ("JRL") has offered franchises under the name "Johnny Rockets" since 1989. Johnny Rockets restaurants offer a menu of lunch and dinner products featuring made-to-order hamburgers, crispy fries, chili, hand-spun shakes and malts, classic sandwiches, and other menu items. As of December 25, 2022, there were 102 franchised Johnny Rockets restaurants operating.

Marble Slab Franchising, LLC ("MSC") has offered franchises under the names "Marble Slab" or "Marble Slab Creamery" since 1986. Marble Slab Creameries offer ice cream that customers can order in combination with nuts, fruit, and other "mix-ins" that are blended into ice cream on a chilled marble or granite slab. As of December 25, 2022, there were approximately 250 franchised Marble Slab Creameries operating.

HDOS Franchising, LLC ("HDOS") has offered franchises under the name "Hot Dog on a Stick" since 1997. Hot Dog on a Stick businesses offer award-winning lemonade, hot-dog-on-a-stick and cheese-on-a-stick products, French fries, and other food items and beverages. As of December 25, 2022, there were 18 franchised Hot Dog on a Stick businesses operating.

GAC Franchising, LLC ("GAC") has offered franchises under the name "Great American Cookies" since 1977. Great American Cookies offer cookies, brownies, cupcakes, and related food items and beverages. As of December 25, 2022, there were approximately 368 franchised Great American Cookies businesses operating.

PM Franchising, LLC ("PM") has offered franchises under the name "Pretzelmaker" since 1992. Pretzelmaker businesses offer soft pretzels, pretzel toppings, beverages and other food products. As of December 25, 2022, there were 148 franchised Pretzelmaker businesses operating.

The Round Table Franchise Corporation ("RTP") has offered franchises under the name "Round Table" and "Round Table Pizza" since January 1979. Round Table Pizza restaurants offer pizza and related food items and beverages. As of December 25, 2022, there were 408 franchised Round Table Pizza restaurants operating.

Twin Restaurant Franchise, LLC (“TRF”) has offered franchises under the name “Twin Peaks” since July 11, 2007. Twin Peaks restaurants feature full bars offering American-style menu items and alcoholic and non-alcoholic beverages. Twin Peaks restaurants also may offer a virtual, delivery-only concept under the name “Good as Cluck”. As of December 25, 2022, there were 64 franchised “Twin Peaks” restaurants operating. Twin Peaks’ principal place of business is 5151 Beltline Road, #1200, Dallas, Texas 75254.

Native Grill & Wings Franchising, LLC (“NGW”) has offered franchises under the name “Native Grill & Wings” since 1988. Native Grill & Wings is an American fast casual restaurant chain founded in Arizona, which specializes in wings and features full services bars located in Arizona, Illinois, and Texas. As of December 25, 2022, there were 23 franchised Native Grill & Wings restaurants operating.

Fazoli’s Franchising Systems, LLC (“FFS”) has offered franchises under the name “FAZOLI’S®” and “FAZOLI’S RESTAURANTS” since 2006. Fazoli’s is a premium fast-casual Italian food restaurant chain founded in Kentucky, which is a premium fast-casual Italian restaurant concept, combining the convenience and price of fast food with the food quality and dining atmosphere associated with casual dining. As of December 25, 2022, there were 152 franchised Fazoli’s restaurants operating.

GAC Manufacturing, LLC (“GAC Manufacturing”) an indirect, wholly-owned subsidiary of FAT, is in the business of operating the cookie dough plant that produces proprietary batter, dough, and other ingredients for making cookies (“Cookie Ingredients”) that are supplied to certain of our (and our affiliates’) franchises who have the right to offer and sell cookies as an add-on menu item. GAC Manufacturing produces proprietary batter, dough and other ingredients that are used in the operation of Great American Cookie stores. GAC Manufacturing has a principal business address of 4685 Frederick Drive, Atlanta, Georgia 30336. GAC Manufacturing (i) does not own or operate any franchises like the franchise that we are offering to you, (ii) has never offered franchises in any line of business, and (iii) except for manufacturing Cookie Ingredients, has never provided any other franchise support services to franchisees.

If we offer the opportunity to you, you must offer cookies as a menu item and we require you to purchase the Cookie Ingredients from our affiliate GAC Supply, LLC (“GAC Supply”). GAC Supply has a principal business address of 4685 Frederick Drive, Atlanta, Georgia 30336. GAC Supply (i) does not own or operate any franchises like the franchise that we are offering to you, (ii) has never offered franchises in any line of business, and (iii) except for selling Cookie Ingredients, has never provided any other franchise support services to franchisees.

Our affiliate GFG Management, LLC (“GFG Management”), a wholly-owned subsidiary of FAT, may, among things, also sell or lease certain equipment (including cookie ovens and related equipment) to system franchisees, as disclosed in Item 7. GFG Management’s principal business address is 5555 Glenridge Connector, Suite 850, Atlanta, Georgia 30342; however, we expect its principal business address to move to 9720 Wilshire Blvd. Suite 500, Beverly Hills, California 90212 in due course. You do not pay any fees directly to GFG Management. GFG Management does not own or operate any franchises that we offer and has never offered franchises in this or any other line of business.

Our affiliate, Bonanza Restaurant Company (“BRC”) has offered franchises under the name “Bonanza Steakhouse” and “Bonanza Steak & BBQ” since 1994. Bonanza Steakhouses primarily offer fresh farm-to-table salad bars and serve a menu showcase of USDA flame-grilled steaks and house-smoked barbeque. As of the date of this disclosure document BRC is no longer

offering franchises and as of December 25, 2022, there were 7 franchised Bonanza Steakhouses operating.

Our affiliate, Yalla Mediterranean Franchising Company, LLC (“Yalla”) has offered franchises under the names “Yalla” and “Yalla Mediterranean” since 2019. Yalla restaurants offer a menu of freshly prepared California-inspired Greek and Mediterranean appetizers, sandwiches, wraps, salads, platters, side dishes and beverages for on-premises and off-premises consumption and catering. As of the date of this disclosure document Yalla is no longer offering franchises and as of December 25, 2022, there were no franchised Yalla restaurants operating.

Except as described above, our affiliates do not offer franchises in any other line of business. Our agents for service of process are listed in Exhibit I to this disclosure document.

## **Franchise Offered**

We offer franchises for a distinctive fast casual dine-in or carry-out restaurants featuring hamburgers, chicken, fries, milkshakes, and complementary menu items using fresh and organic ingredients. This disclosure document relates to our franchise offerings in the United States. The distinguishing characteristics of our system include special recipes, ingredients, and menu items, distinctive decor, color scheme, and furnishings, an in-store music system featuring music of various eras, uniform operating standards, consistency of products and services offered, procedures for quality control, training, and advertising programs, all of which we may change at our discretion. Our affiliates own and operate two Restaurants in Falls Church and Fairfax, Virginia. We have never offered other franchises in this or any other line of business. We began offering franchises in the first quarter of 2008. Our Restaurants serve the general public and not any particular segment of the population. The currently operating Restaurants are all located in urban and suburban settings and have approximately 800-2500 square feet.

We offer two separate franchise programs by this disclosure document, though we may not allow you the opportunity to purchase under all of these programs:

(a) Single Restaurant Program. If we approve your application to become a franchisee, you will sign a Franchise Agreement (Exhibit B) to operate a single Restaurant under our trademarks and in accordance with our system during the term of your Franchise Agreement. If you are purchasing an existing Restaurant, you will sign a Franchise Agreement.

(b) Multi-Unit Restaurant Program. Under this program, we assign a defined area (the “Development Area”) within which you must develop and operate a specified number of Elevation Burger Restaurants, within a specified period of time. The development area may be one city, one or more counties, or some other defined area, and may be non-exclusive or may be granted certain territorial protection. You will sign a Multi-Unit Restaurant Agreement (Exhibit E), which will describe your development area, your development schedule and obligations, and your territorial protection, if applicable. For each Restaurant you open pursuant to the Multi-Unit Restaurant Agreement, promptly after our acceptance of the location for the Restaurant, you will sign a separate Franchise Agreement on our then-current form, which may contain materially different terms from the form attached to this Franchise Disclosure Document, and pay our then-current initial franchise fee. On occasion, in order to resolve a dispute with a franchisee whose Multi-Unit Restaurant Agreement or Franchise Agreement was terminated for failing to meet its development obligation, we may in our discretion offer the franchisee the right to enter into a new Multi-Unit Restaurant Agreement. The new Multi-Unit Restaurant Agreement will permit the franchisee to open Restaurants, but may or may not be exclusive and may or may not require the

franchisee to open a particular number of Restaurants, or specify particular development periods or require a development fee.

Under either program (a) or (b), you may also enter into a Management Agreement with us or our affiliate, if we agree (or our affiliate agrees) to do so. If we or our affiliate do sign a Management Agreement with you, we will provide you with additional advice regarding the operation and management of your Restaurant. The precise level of advice and service, and, if agreed upon, our obligation to manage your Restaurant and supervise your management and supervisory personnel and other employees will be identified in the Management Agreement. Except to the limited extent provided in the Management Agreement, if at all, neither we nor our affiliate perform other services, such as accounting, human resources, and record-keeping, and you will continue to be responsible for these.

Occasionally we or our affiliates may enter into joint venture arrangements for the operation of Restaurants. We or our affiliates may do so by acquiring an interest in the limited liability company ("LLC") formed to acquire the franchise. In those instances, the LLC will be operated pursuant to a form of Limited Liability Company Operating Agreement substantially similar to the form attached as Exhibit G.

This disclosure document is only for "Elevation Burger" restaurants. Under a separate disclosure document, our affiliates, BFCI and HAMT, offer franchises for their "Buffalo's Café" and "Hurricane Grill & Wings®," "Hurricane Sports Grill®," and "Hurricane Dockside Grill ®" and "Hurricane BTW Burgers + Tacos + Wings" restaurant concepts, including a co-branded "express" version that can be added within and as part of a "Elevation Burger" restaurant with our consent, in which case you will sign a franchise agreement with BFCI or HAMT, as applicable and an Elevation Burger Franchise Agreement and Co-brand Addendum (Exhibit B-1). "Buffalo's Café" and "Hurricane Grill & Wings®" co-branded restaurants feature certain trade dress elements and signage, and serve a limited menu containing certain of the menu offered in its full casual dining restaurants, including chicken tenders and buffalo wings, French fries, salads and specialty sauces.

## **Competition**

Both the restaurant industry in general, and the quick service and fast casual restaurant industry in particular, are established industries and are very competitive. As a member of the restaurant industry, you will compete on the basis of price and the quality of your food and service. You will compete with the major quick service and fast casual restaurant chains that dominate the industry, and with other food service businesses.

## **Regulations**

A wide variety of Federal, state, and local laws, rules, and regulations have been enacted that may impact the operation of your Restaurant, and may include those which (a) establish general standards, permitting restrictions and requirements and other specifications and requirements for the construction, design, maintenance and operation of the business premises; (b) set standards pertaining to employee hiring, health and safety; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for Restaurants; (d) regulate employee practices concerning the storage, handling, cooking, and preparation of food; (e) impose smoking restrictions; and requirements for availability of and specifications for public accommodations and for fire safety and general emergency preparedness; (f) regulate discrimination, employment wage and hour and sexual

harassment laws as well as OSHA and the Americans with Disabilities Act which requires readily accessible accommodations for disabled individuals and may affect your operations; (g) establish procedures for the disposal of hazardous wastes; (h) regulate advertisements; and (i) establish mandatory nutritional content labeling and disclosures, including on menus, and impose restrictions on certain types of cups and containers. State and local agencies inspect food services business to ensure that they comply with these laws and regulations. You should consult with your attorney concerning these and other laws that may apply in the geographic area in which you are interested in locating your business and should consider both their effect and cost of compliance.

At your option, and with our prior written consent, you may offer alcoholic beverages if you obtain a liquor license. The difficulty and cost of obtaining a beer/wine or full liquor license, and the procedures for securing each type of license, vary greatly from area to area. There is also wide variation in state and local laws and regulations that govern the sale of alcoholic beverages. In addition, state Dram Shop laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol. You must understand and comply with these laws in operating your Restaurant.

## **Item 2** **BUSINESS EXPERIENCE**

### **Chief Executive Officer of EB and Chief Development Officer of FAT – Taylor Wiederhorn**

Taylor Wiederhorn has been EB's Chief Executive Officer since May 2023. He has also been Chief Development Officer of FAT since October 2017. Mr. Wiederhorn served as FBNA's Vice President Franchise Marketing and Development from September 2011 until October 2017.

### **Chief Operating Officer of FAT – Thayer Wiederhorn**

Thayer Wiederhorn has been FAT's Chief Operating Officer since November 2021. Prior to that, he was FAT's Chief Marketing Officer since October 2017. Mr. Wiederhorn served as FBNA's Vice President of Marketing from April 2012 until October 2017.

### **Chief Financial Officer and Co-Chief Executive Officer of FAT – Kenneth J. Kuick**

Mr. Kuick has been the CFO and the Co-Chief Executive Officer of FAT since May 5, 2023. Prior to joining FAT, Mr. Kuick served as Chief Financial Officer of Noodles & Company, a national fast-casual restaurant concept, from November 2018 to August 2020. Prior to that, Mr. Kuick served as Chief Accounting Officer of VICI Properties Inc., a real estate investment trust specializing in casino properties, from October 2017 to August 2018. Prior to that, from 2011 until October 2017, Mr. Kuick served as Chief Accounting Officer of Caesars Entertainment Operating Company, a subsidiary of Caesars Entertainment Corporation, and as Vice President, Assistant Controller for Caesars Entertainment Corporation.

### **Head of Debt Capital Markets and Co-Chief Executive Officer of FAT – Robert Rosen**

Mr. Rosen has served as FAT's Co-CEO and Head of Debt Capital Markets since May 5, 2023. He joined FAT in March 2021 as its Executive Vice President of Capital Markets. Prior to joining FAT, he served as Managing Member of Kodak Financial Group, a finance company in Katonah, New York from 2004 until March 2021.

#### General Counsel of FAT – Allen Z. Sussman

Mr. Sussman has served as the General Counsel of FAT since March 2021. Prior to that from 2012 until March 2021, Mr. Sussman was a partner at the law firm of Loeb & Loeb LLP in Los Angeles, California, specializing in corporate and securities law, and served as primary outside corporate and securities counsel to FAT.

#### Deputy General Counsel and Senior Franchise Counsel of FAT – Warren Christiansen

Mr. Christiansen has been FAT's Deputy General Counsel and Senior Franchise Counsel since May, 2023. Prior to that, from October 2017, he served as FAT's Legal Counsel and Franchise Development Executive. Prior to that, he served as FBNA's Vice President, Domestic Franchise Sales from November 2008 until October 2017.

#### President, Fast Casual Division of FAT – Jake Berchtold

Mr. Berchtold has been President, Fast Casual Division of FAT since July 2019. Prior to that, from September 2012 until July 2019 he was the Director of Operations for FBNA.

#### Chief Information Officer of FAT – Michael Chachula

Mr. Chachula has been FAT's Chief Information Officer since April 2022. Prior to that, he was the Head of Digital and Revenue Growth with Coffee Bean and Tea Leaf, located in Hollywood, CA. And from December 2017 to August 2020, he was the Executive Director and CIO for International House of Pancakes (IHOP) in Glendale, California. He also served as the Head of IT Strategy, Innovation and PMO for Dine Brands, Glendale, CA from January 2016 to August December 2017.

#### Chief Marketing Officer of FAT – Jenn Johnston

Ms. Johnston became FAT's Chief Marketing Officer in May 2023. Prior to that, she served as FAT's President, QSR Division from February 2019. From October 2010 until September 2019. She was the Chief Marketing and Operations Officer for Global Franchise Group, a restaurant company in Atlanta Georgia.

#### President of QSR Division of FAT (MSC, GAC and PM) - Allison Lauenstein

Ms. Lauenstein joined us on May 8, 2023 as President of QSR Division of FAT (MSC, GAC and PM). Prior to that, from August 2020 until May 2023, she was a Marketing Professor at Siena College in Albany, New York. From January 2018 until June 2020, she was the Chief Innovation Officer of Global Franchise Group, a franchisor in Atlanta, Georgia.

#### Director of Franchise Sales of FAT – Dan D. Moran, CFE

Mr. Moran has been FAT's Director of Franchise Sales since October 2017. Prior to that, Mr. Moran served as FBNA's Vice President of Franchise Development from October 2009 until October 2017.



#### Director of Construction of FAT – Bentley C. Hetrick

Mr. Hetrick has been FAT's Director of Construction since April 2019. Prior to that, he was Vice President/General Manager with Preferred Commercial Services, a kitchen installation company in Chatsworth, California from August 2015 to August 2018.

#### Director of Construction and Purchasing of FAT – James Newell

Mr. Newell became FAT's Director of Construction and Purchasing in May 2018. Prior to that, from February 2018 until May 2018 he was the Director of Operations. Mr. Newell served as our Vice President of Brand Services from February 2015 until February 2018. Previously, he was our Vice President of Operations since January 1, 2010.

#### President – Casual Dining Division of FAT – Gregg Nettleton

Mr. Nettleton has served as the President – Casual Dining Division of FAT since October 2016.

#### Chief Concept Officer of FAT and President of Yalla – Donald J. Berchtold

Mr. Berchtold became Yalla's President in December 2018 and has been FAT's Chief Concept Officer since March 2017. Prior to that, he served as FBNA's President from September 21, 2006 until February 2018 and FBNA's Chief Operating Officer from May 2006 until February 2018.

#### Director of Franchise Sales of FAT, QSR Division – Kim Rogers

Ms. Rogers became FAT's Director of Franchise Sales, QSR Division in July 2021. Prior to that time, from May 2021 until July 2021, she was Director of Franchise Sales and, from September 2017 to May 2021, Senior Franchise Sales Manager, for Global Franchise Group, located in Atlanta, Georgia. Previously, from March 2016 to September 2017, Ms. Rogers was Senior Franchise Sales Manager for Round Table Franchise Corporation, then located in Concord, California.

#### Director of International Franchise Development of FAT – Hair Parra

Mr. Parra became FAT's Director of International Franchise Development in February 2021. Prior to that, from May 2017 until January 2021 he was the COO at Wing Zone, a restaurant company in Atlanta, Georgia.

### **Item 3** **LITIGATION**

#### **Pending Litigation**

*Robert J. Matthews, et al., v. FAT Brands, Inc., Andrew Wiederhorn, Ron Roe, Rebecca Hershinger and Ken Kuick (United States District Court for the Central District of California, Case No. 2:22-cv-01820).* On March 18, 2022, plaintiff Robert J. Matthews, a putative investor in the Company, filed a putative class action lawsuit against the Company, Andrew Wiederhorn, Ron Roe, Rebecca Hershinger and Ken Kuick, asserting claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), alleging that the defendants are

responsible for false and misleading statements and omitted material facts in the Company's reports filed with the SEC under the 1934 Act related to the LA Times story published on February 19, 2022 about the company and its management. The plaintiff alleges that the Company's public statements wrongfully inflated the trading price of the Company's common stock, preferred stock and warrants. The plaintiff is seeking to certify the complaint as a class action and is seeking compensatory damages in an amount to be determined at trial. On April 25, 2022, Kerry Chipman, a putative investor in the Company, filed a putative class action lawsuit against the Company, Andrew Wiederhorn, Ron Roe, Rebecca Hershinger and Ken Kuick in the United States District Court for the Central Division of California, asserting substantially the same claims as those made by Matthews in the above-referenced lawsuit. On May 2, 2022, the Court entered an order consolidating the actions filed by Matthews and Chipman under the caption *In re FAT Brands Inc. Securities Litigation*. On June 13, 2022, the Court appointed plaintiff Robert Matthews as lead plaintiff and The Rosen Law Firm, P.A., as lead counsel in the consolidated action. Plaintiffs filed their Consolidated Amended Complaint on June 27, 2022. On July 19, 2022, the parties entered into a stipulation to stay the litigation so that they can engage in voluntary mediation. In August 2022, after mediation the Company reached an agreement in principle to settle this matter for a cash payment by the Company of \$2.5 million and issuance of \$0.5 million in Class A common stock. The Stipulation of Settlement and other documents pertinent to the settlement, along with a motion for preliminary approval thereof, were filed with the court on September 23, 2022. The hearing on the motion for preliminary approval occurred on October 24, 2022, at 9:00 am PT. The court took the matter under submission. Upon final approved by the court, the settlement will provide a full release of all claims by the settlement class members against all defendants, including the Company and the named officers and directors, will expressly deny any liability, wrongdoing or responsibility by any of the defendants, and will result in the dismissal of the litigation with prejudice.

### **Concluded Litigation**

*Commonwealth of Virginia ex rel. State Corporation Commission v Fatburger (May 2023)*. This matter involves allegations by the Virginia State Corporation Commission's Division of Securities and Retail Franchising that from December 2020 through August 2021, we offered and sold three Virginia franchises at a time when we were not effectively registered with the state. We reached a settlement in principle in May 2023, without admitting or denying the allegations, and agreed to offer the affected Franchisees an opportunity to rescind their franchises, to pay \$27,000 to the state, and agreed not to violate the Virginia franchise act in the future.

*Ieman Shahi vs. Fatburger North America, Inc., Andrew Alan Wiederhorn, Taylor Andrew Wiederhorn, et al*, Superior Court for the State of California for the County of Los Angeles, Case No. 19STCV23772 (July 8, 2019). On July 8, 2019, Ieman Shahi ("Shahi") filed a complaint against FBNA as well as Andrew A. Wiederhorn and Taylor A. Wiederhorn. The Court dismissed Andrew and Taylor Wiederhorn from the lawsuit on January 27, 2021. In his second amended complaint, Shahi seeks rescission of an international multi-unit restaurant agreement entered into by Shahi and FBNA in October 2015 for "Fatburger" restaurants in Malaysia and Iran (subject to lifting of sanctions). Shahi is seeking the return of the \$487,500 he paid as the first installment of the development fees due under the agreement and is also seeking attorneys' fees. FBNA's response to the second amended complaint, a demurrer seeking dismissal of the case in its entirety, is due to be filed on May 13, 2021. FBNA also filed a cross complaint on April 13, 2020 asserting that Shahi breached the international multi-unit restaurant agreement. The case was dismissed on October 21, 2021.

*P&K Food Market, Inc. vs. Buffalo's Franchise Concepts, Inc., Fog Cutter Capital Group, Shaun Curtis, Andy Wiederhorn et al.*, Superior Court of California for the County of Los Angeles, Case No. 18STLC09534 (July 13, 2018). On July 13, 2018, P&K Food Market, Inc. ("P&K") filed a complaint against Buffalo's Franchise Concepts, Inc., Fog Cutter Capital Group, Shaun Curtis, and Andy Wiederhorn for Breach of Contract, Fraudulent Misrepresentation and Unlawful Offer and Sale of Franchise By Means of Untrue Statements or Omissions of Material Fact Under Cal. Corp. Code §§31201; 31202; 31300; and 31301. The case was filed in connection with the sale of an affiliate-owned "Buffalo's Café" restaurant located in Palmdale, California. The lawsuit seeks general damages, special damages, punitive damages, restitution, interest, costs and attorneys' fees and costs related to the alleged unlawful sale of the Palmdale restaurant. The franchisor and related parties intend to vigorously defend the allegations. The case was dismissed on February 13, 2019 because Plaintiff should have filed for Arbitration first pursuant to the terms of the Franchise Agreement.

*Eric Rojany, et al. v. FAT Brands Inc., et al.*, Superior Court of California for the County of Los Angeles, Case No. BC708539, and *Daniel Alden, et al. v. FAT Brands Inc., et al.*, Superior Court of California for the County of Los Angeles, Case No. BC716017. On June 7, 2018, FAT Brands, Inc., Andrew Wiederhorn, Ron Roe, James Neuhauser, Edward H. Rensi, Marc L. Holtzman, Squire Junger, Silvia Kessel, Jeff Lotman, Fog Cutter Capital Group Inc., and Tripoint Global Equities, LLC (collectively, the "Original Defendants") were named as defendants in a putative securities class action lawsuit entitled *Rojany v. FAT Brands, Inc.*, Case No. BC708539 (the "*Rojany Case*"), in the Superior Court of the State of California, County of Los Angeles. On July 31, 2018, the *Rojany Case* was designated as complex, pursuant to Rule 3.400 of the California Rules of Court and assigned the matter to the Complex Litigation Program. On August 2, 2018, the Original Defendants were named defendants in a second putative class action lawsuit, *Alden v. FAT Brands*, Case No. BC716017 (the "*Alden Case*"), filed in the same court. On September 17, 2018, the *Rojany* and *Alden* Cases were consolidated under the *Rojany Case* number. On October 10, 2018, plaintiffs Eric Rojany, Daniel Alden, Christopher Hazelton-Harrington and Byron Marin ("Plaintiffs") filed a First Amended Consolidated Complaint against FAT Brands, Inc., Andrew Wiederhorn, Ron Roe, James Neuhauser, Edward H. Rensi, Fog Cutter Capital Group Inc., and Tripoint Global Equities, LLC (collectively, "Defendants"), thereby removing Marc L. Holtzman, Squire Junger, Silvia Kessel and Jeff Lotman as defendants. On November 13, 2018, Defendants filed a Demurrer to First Amended Consolidated Complaint. On January 25, 2019, the Court sustained Defendants' Demurrer to First Amended Consolidated Complaint with Leave to Amend in Part. Plaintiffs filed a Second Amended Consolidated Complaint on February 25, 2019. On March 27, 2019, Defendants filed a Demurrer to the Second Amended Consolidated Complaint. On July 31, 2019, the Court sustained Defendants' Demurrer to the Second Amended Complaint in Part, narrowing the scope of the case. Defendants filed their Answer to the Second Amended Consolidated Complaint on November 12, 2019. Thereafter, plaintiffs Alden, Hazelton-Harrington and Marin, voluntarily dismissed their claims without prejudice, leaving only plaintiff Rojany as the putative class representative plaintiff ("Plaintiff"). On January 29, 2020, Plaintiff filed a Motion for Class Certification. On October 8, 2020, the Court denied Plaintiff's Motion for Class Certification. On January 6, 2021, the parties executed a Settlement Agreement and Mutual Release pursuant to which plaintiff agreed to dismiss his individual claims against defendants with prejudice in exchange for a payment by or on behalf of defendants of \$50,000. On January 27, 2021, plaintiff filed a request for dismissal of this action, with prejudice, in its entirety.

*Adam Vignola, et al. v. FAT Brands Inc., et al.*, United States District Court for the Central District of California, Case No. 2:18-cv-07469. On August 24, 2018, the Original Defendants were named as defendants in a putative securities class action lawsuit entitled *Vignola v. FAT Brands*,

*Inc.*, Case No. 2:18-cv-07469-PSG-PLA, in the United States District Court for the Central District of California. On October 23, 2018, Charles Jordan and David Kovacs (collectively, “Lead Plaintiffs”) moved to be appointed lead plaintiffs, and the Court granted Lead Plaintiffs’ motion on November 16, 2018. On January 15, 2019, Lead Plaintiffs filed a First Amended Class Action Complaint against the Original Defendants. The allegations and claims for relief asserted in *Vignola* are substantively identical to those asserted in the *Rojany* Case. Defendants filed a Motion to Dismiss First Amended Class Action Complaint, or, in the Alternative, to Stay the Action In Favor of a Prior Pending Action. On June 14, 2019, the Court denied Defendants’ motion to stay but granted Defendants’ motion to dismiss the First Amended Class Action Complaint, with Leave to Amend. Lead Plaintiffs filed a Second Amended Class Action Complaint on August 5, 2019. On September 9, 2019, Defendants’ filed a Motion to Dismiss the Second Amended Class Action Complaint. On December 17, 2019, the Court granted Defendants’ Motion to Dismiss the Second Amended Class Action Complaint in Part, Without Leave to Amend. The allegations remaining in *Vignola* are substantively identical to those remaining in the *Rojany* Case. Defendants filed their Answer to the Second Amended Class Action Complaint on January 14, 2020. On December 27, 2019, Lead Plaintiffs filed a Motion for Class Certification. By order entered March 16, 2020, the Court denied Lead Plaintiffs’ Motion for Class Certification. By order entered April 1, 2020, the Court set various deadlines for the case, including a fact discovery cut-off of December 29, 2020, expert discovery cut-off of February 23, 2021 and trial date of March 30, 2021. On September 25, 2020, the parties executed a Settlement Agreement and Mutual Release pursuant to which lead plaintiffs agreed to dismiss their individual claims against defendants with prejudice in exchange for a payment by or on behalf of defendants of \$75,000. On October 13, 2020, the Court ordered the stipulated dismissal of this action, with prejudice, in its entirety.

The Company is obligated to indemnify its officers and directors to the extent permitted by applicable law in connection with the above actions, and has insurance for such individuals, to the extent of the limits of the applicable insurance policies and subject to potential reservations of rights. The Company is also obligated to indemnify Tripoint Global Equities, LLC under certain conditions relating to the *Rojany* and *Vignola* matters. These two proceedings are now concluded.

Except for the actions above there is no litigation that must be disclosed in this Item.

#### **Item 4** **BANKRUPTCY**

On April 6, 2009, a former affiliate of FBNA’s, Fatburger Restaurants of California, Inc. (“FB California”) filed a petition to reorganize under Chapter 11 of the U.S. Bankruptcy Code (subsequently converted to Chapter 7 on June 24, 2011) in the Central District of California, Case No. 0913964-KT. FB California conducted an auction of some or all of its Restaurants on or about April 21, 2011. FB California auctioned some or all of its existing, operating Restaurants to the successful bidders including all of the existing furnishings and equipment of those Restaurants and an assignment of its leases or subleases for the Restaurants. As of June 19, 2014, the Chapter 7 Trustee (Amy Goldman) had concluded the administration of the matter and made all distributions as required by the Court and the United States Trustee’s Office was reviewing all final accounting before submitting the matter to the Court for case closure. The final decree order closing the case was issued on July 15, 2014.

On April 6, 2009, a former affiliate of FBNA’s, Fatburger Restaurants of Nevada, Inc. (“FB Nevada”) filed a petition to reorganize under Chapter 11 of the U.S. Bankruptcy Code (subsequently converted to Chapter 7 on June 24, 2011) in the Central District of California, Case

No. 0913965-KT. FB Nevada conducted an auction of some or all of its Restaurants on or about April 21, 2011. FB Nevada auctioned some or all of its existing, operating Restaurants to the successful bidders including all of the existing furnishings and equipment of those Restaurants and an assignment of its leases or subleases for the Restaurants. As of June 19, 2014, the Chapter 7 Trustee (Amy Goldman) had concluded the administration of the matter and made all distributions as required by the Court and the United States Trustee's Office was reviewing all final accounting before submitting the matter to the Court for case closure. The final decree order closing the case was issued on July 15, 2014.

Other than these 2 bankruptcies, no bankruptcies are required to be disclosed in this Item.

## **Item 5** **INITIAL FEES**

### **Single Restaurant**

**Initial Franchise Fees.** You must pay us an initial franchise fee (currently equal to \$50,000) when you sign the Franchise Agreement (the "Initial Fee").

*Adjustments.* Under certain circumstances, we will agree to waive or reduce some or all of the Initial Fee and may accept payment in installments, interest free, over a period of from one to 18 months. Also, as described below, if you are signing the Franchise Agreement pursuant to a Multi-Unit Restaurant Agreement, you may be entitled to a credit against the Initial Fee. The Initial Fee is fully earned by us when paid and is not refundable under any circumstances.

**Buffalo's Café.** Under a separate disclosure document, our affiliate, BFCI, offers franchises for its "Buffalo's Café" restaurant concept, including a co-branded "express" version that can be added to an "Elevation Burger" restaurant with our consent. If we allow you to do so, you will sign a Franchise Agreement with BFCI and a Co-brand Addendum with us (Exhibit B-1). We do not charge you any fee to add a co-branded "Buffalo's Café" restaurant, but BFCI charges, among other fees, an initial franchise fee of \$25,000 for the right to do so, as disclosed in its separate disclosure document, though it may waive the initial fee for existing Elevation Burger franchisees adding a "Buffalo's Café" express co-branded unit to their existing Elevation Burger Restaurant.

**Hurricane Grill & Wings.** Under a separate disclosure document, our affiliate, HAMT, offers franchises for its "Hurricane Grill & Wings®" restaurant concept, including a co-branded "express" version that can be added to an "Elevation Burger" restaurant with our consent. If we allow you to do so, you will sign a Franchise Agreement with HAMT and a Co-brand Addendum with us (Exhibit B-1). We do not charge you any fee to add a co-branded "Hurricane Grill & Wings," restaurant, but HAMT charges, among other fees, an initial franchise fee of \$25,000 for the right to do so, as disclosed in its separate disclosure document, though it may waive the initial fee for existing FATBURGER franchisees adding a "Hurricane Grill & Wings®" express co-branded unit to their existing Elevation Burger Restaurant.

### **Multi-Unit Restaurant**

**Multi-Unit Restaurant Agreement.** If you sign a Multi-Unit Restaurant Agreement, you must pay us a development fee upon execution of the agreement. Currently the development fee is equal to \$50,000, multiplied by the number of Elevation Burger Restaurants you must open. When we accept a site for each Restaurant, you will sign a separate Franchise Agreement. The

development fee is fully earned by us when paid and is not refundable under any circumstances; provided that, if you pay us a development fee upon signing a Multi-Unit Restaurant Agreement, we will credit a portion of the development fee against the Initial Fee listed above, typically at the rate of \$50,000 per Franchise Agreement until the entire development fee has been so credited. Under certain circumstances, we will agree to waive or reduce the initial development fee.

Limited Liability Companies. We (or our affiliate) may occasionally invest in individual franchised restaurants by acquiring an interest in the limited liability company formed to acquire the franchise. In those instances in which you purchase an interest in an LLC, you must make a capital contribution to the limited liability company in an amount negotiated between the parties. See Item 10 for more information.

### **Uniformity**

Except as described in this Item 5, the fees we currently charge for all Franchise Agreements and Multi-Unit Restaurant Agreements presently being offered in the state in which you are located are uniform and determined in the manner described above. If you signed an earlier form of Multi-Unit Restaurant or Franchise Agreement which provides for a different initial franchise fee for each Restaurant you open, the initial franchise fee and remaining balance owed by you for your initial franchise fee will be determined in accordance with your earlier agreement. Also, on occasion, in order to resolve a dispute with a franchisee whose Multi-Unit Restaurant Agreement or Franchise Agreement was terminated for failing to meet its development obligation, we may in our discretion offer the franchisee the right to enter into a new Multi-Unit Restaurant Agreement. The new Multi-Unit Restaurant Agreement will permit the franchisee to open Restaurants, but may or may not be exclusive and may or may not require the franchisee to open a particular number of Restaurants, or specify particular development periods or require a development fee.

The range of Initial Fees paid to us upon execution of a Franchise Agreement in 2022 was \$0 to \$50,000. There were no development fees paid in 2022 and no initial fees paid to add a co-branded “Buffalo’s Café” or “Hurricane” restaurant. We may waive all or a portion of these fees for affiliates, existing franchisees purchasing new Restaurants, or other entities. We may also negotiate the financial and other terms of Franchise Agreements and Multi-Unit Restaurant Agreements but generally only in connection with large transactions. Except as described above, the Initial Fee is fully earned by us when paid and is not refundable under any circumstances.

### **Item 6** **OTHER FEES**

<b>Column 1 Type of Fee</b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
Royalty (1, 2)	6% of total net sales; interest on any overdue amount of 1.5% per month and late fee of \$25 per week (3)	2 <sup>nd</sup> Tuesday after each Weekly Accounting Period (i.e., 7 day period ending each Sunday at midnight). (4)	Net sales includes all gross sales from the franchise location, less sales tax and use tax. If your operations include a “Buffalo’s Café” or “Hurricane Grill & Wings®” co-branded unit, net sales include sales of

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			both operations and we will determine BFCI's or HAMT's allocable share which will be debited from your account and remitted to BFCI or HAMT, as applicable.
National Advertising Fund (NAF) (1, 2)	Currently 1.5% of total net sales	2 <sup>nd</sup> Tuesday after each Weekly Accounting Period (i.e., 7 day period ending each Sunday at midnight). (4)	Affiliate-owned Restaurants also contribute; we reserve the right to increase your required weekly contribution to 4% of Net Sales. If your operations include a "Buffalo's Café" or "Hurricane Grill & Wings®" co-branded unit, net sales include sales of both operations, and we will determine BFCI's or HAMT's allocable share of the NAF fee which will be debited from your account and remitted to BFCI or HAMT, as applicable.
Local Advertising (5)	2% of net sales during each of the periods January 1 through June 30 and July 1 through December 31 of each year	Report evidencing expenditure is due no later than 30 days after the end of each period for the preceding 6 month period	You must spend funds on your own advertising that we approve
Additional Training (1)	You must reimburse us for our costs of training, up to a maximum of \$1,500 per week for each individual.	Payable Tuesday following each week, Weekly after 1st week	We train up to 5 persons free - See Item 11

<b>Column 1 Type of Fee</b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
Reimbursement for Rescheduled Training Expenses (1)	You must reimburse us for our additional travel expenses and wages resulting from changing the travel arrangements of our representatives scheduled to provide initial training.	Before opening	Payable only if your scheduled opening date is changed from the scheduled opening date previously established by us.
Reimbursement for pre-opening and post-opening assistance	You must reimburse us for travel expenses, including airfare, hotel, rental car and our then current per-diem charge per person (currently \$100 per day per person) for our personnel who provide pre-opening and post-opening assistance. You must also reimburse us for our direct and indirect wages and other labor costs and expenses for our personnel who provide pre-opening and post-opening assistance.	On demand	If you are signing your Franchise Agreement for your (or your affiliates') first Restaurant we will bear up to \$20,000 of the direct and indirect wages and other labor costs and expenses of our personnel who provide training and other pre-opening and post-opening supervision and assistance.
Brand Technology System Support Services (6)	Currently, \$840-\$1,500 per year for mandatory services plus up to \$3,250 per year for optional services.	Annual fee paid in quarterly electronic funds transfer payments 30 days prior to beginning of quarter for annual invoices less than \$500. For invoices above \$500, fees will be due within 15 days from receipt of invoice	Mandatory service includes Help Desk Support, and Commercial Grade Network Hardware, and Firewall. with an IT Approved Supplier. Optional services many include: (1) Premise Security Package; (2) PCI Compliance Management; (3) Additional WAPS; (4) Additional Phone/Seat; (5) Additional Cameras; (6) Secured BOH Desktop/Laptop with maintenance and monitoring.



<b>Column 1 Type of Fee</b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
Transfer (1)	\$15,000	Payable when you submit your request for transfer to us.	Payable unless waived or reduced in our discretion, and excluding certain transactions involving transfers of less than a 10% interest in the Franchisee.  No charge if you transfer to an entity for convenience of ownership involving no change in the owners
Audit (1)	Cost of audit plus interest on unpaid amount of 1.5% interest per month and \$25 per week (2)	30 days after billing	Cost of audit payable only if audit shows an understatement in any payment of at least 2%
Indemnification	Varies	Varies	Limited to certain circumstances - See Item 9
Reimbursement of Cost of Insurance (1)	Our cost to procure insurance and a reasonable fee to cover our related expenses	On demand	If you fail to secure required insurance coverage, we can obtain it for you
Unapproved Product/Supplier Fee (1)	\$500 per day	On demand	If you sell unapproved items or purchase from unapproved suppliers, we can require you to pay this fee.
Damages, costs and expenses, including attorneys' fees (1)	Amounts we incur	On demand	You must pay us if we incur these as a result of your default, or in order to enforce any provision of the Agreement
Sales or similar taxes (1)	Sales, gross receipts and similar taxes imposed on us because of payments you make	On demand	Payment not required if we are credited against taxes we otherwise owe
Renewal Fee (1)	40% of then-current initial franchise fee	90 days before renewal	
Securities/ Partnership Interests in	\$10,000 or our reasonable costs and expenses to review	On demand	If you offer securities or interests in your business

<b>Column 1 Type of Fee</b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
Franchisee Offering (1)	offering documents, whichever is greater		
Management Fee	<p>In addition to reimbursing us or our affiliate for our or its expenses, including payment of amounts to us, an amount comprised of one or more of the following components, each as negotiated between you and us or our affiliate:</p> <p>(a) a fixed percentage of the Net Sales of your Restaurant.</p> <p>(b) a fixed monthly fee.</p> <p>(c) a fixed percentage of your quarterly Net Income (i.e., earnings before interest, taxes, depreciation and amortization determined in accordance with generally accepted accounting principles).</p> <p>(d) an amount equal to a fixed percentage of the net consideration received or to be received in excess of the restaurant development cost in connection with any sale or other disposition of the Restaurant (or substantially all of the assets of or ownership interests in the Owner), during the term of the Management Agreement or within 2 years thereafter (other than a for cause termination by you in accordance with</p>	<p>Varies; percentage of Net Sales is paid weekly, flat fees are paid monthly, the percentage of Net Income is paid quarterly, and fixed percentage of net consideration of a sale is paid upon the sale of the Restaurant (or substantially all of the assets or ownership interests in the Owner).</p>	<p>You only pay this fee if you and we (or our affiliate) sign a Management Agreement.</p>

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	the Management Agreement)		
Plan and Design Review (1)	Our costs and expenses to review, and have an architect acceptable to us, review the designs and plans for your Restaurant, not to exceed \$3,000	On demand	Payable only if we allow you to use an architect other than our approved architect.
Lease Review Fee (1)	Our costs and expense to review and accept your lease, not to exceed \$2,500	On demand	Reimburse our direct and indirect costs for reviewing a lease. Our review of your lease is for our purposes only and is not an indication that an accepted lease complies with applicable law or represents a lease transaction that is fair or is in your best interest.
Fines (1)	Then-current fines set forth in the Manuals. Our fines vary depending on various factors, including, the nature and severity of the violation.	On demand	Payable if you violate your duties under the Franchise Agreement or Manuals, but it is not an agreement to permit you violate the Franchise Agreement or Manuals nor liquidated damages
Cookie Equipment Lease (only due and payable if we permit you to add cookies as a menu item)	Estimated at \$360 per year. (Estimated total payments due pursuant to the Cookie Equipment Lease \$1,440)	Annually	If we offer the opportunity to you, you must offer and sell cookies as an added menu item. You will have the option to purchase or lease the Cookie Equipment from our affiliate. If you elect to lease the Cookie Equipment, you must sign the designated form of lease agreement (a current copy of which is attached as Exhibit B-3) and make payments to our affiliate(s) in accordance with the terms of the Equipment

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			Lease. Under the terms of the current Equipment Lease, you must purchase a minimum of 24 cases of Cookie Ingredients per year, with a total commitment of 96 cases over the course of the 4 year Equipment Lease term. If you do not satisfy the minimum purchase requirement, for each case you fail to purchase, you must pay to us or our affiliates \$15.

- (1) We impose this fee, and it is payable to us. This fee is non-refundable. Except as described in the table, the fees imposed by us are uniformly imposed for franchises currently being offered in this state, however, (a) we reserve the right to reduce or waive the fees for certain Restaurants, and (b) if you signed an earlier form of Multi-Unit Restaurant or Franchise Agreement which provides for different royalties or other fees for each Restaurant you open, the fees will be determined in accordance with your earlier agreement.

In addition, if you develop a “Buffalo’s Café” or “Hurricane Grill & Wings®” co-branded restaurant as part of your Elevation Burger restaurant, you will sign a separate franchise agreement with our affiliate, BFCI or HAMA, as applicable, under which you will make separate payments to BFCI or HAMA, as applicable, in addition to those described above (except for Royalties and National Advertising Fees which are calculated based on your combined operations which we will split with BFCI or HAMA, as applicable), as described in BFCI’s and HAMA’s separate disclosure document. We do not charge you any fee to add a co-branded “Buffalo’s Café” or “Hurricane Grill & Wings®” restaurant.

“Net Sales” means and includes all revenue (regardless of collection in the case of credit) from the sale of all food, beverages, merchandise, and services sold or rendered from or at the Restaurant whether for by cash, services, property, barter, or other means of exchange, and whether or not we offers such services or products in our other locations, including: (a) sales and services where orders originate or are accepted by you in the Restaurant but delivery or performance thereof is made from or at any place other than the Restaurant or which are pursuant to telephone or other similar orders received or filled at or in the Restaurant, (b) the proceeds of any business interruption insurance, after the satisfaction of any applicable deductible, and (c) sales from authorized (subject to Section 5.10 of the Franchise Agreement) vending devices including in-store music systems. Revenue from the sale of gift cards is not recognized as “Net Sales” until redeemed at your Restaurant, but “Net Sales” does not include the amount of bona fide refunds paid to customers, the amount of any state or local sales or use tax actually paid by you and sales of fixtures or other capital items sold by you after use thereof in the operation of the Restaurant. No other deductions apply, for example the fees paid to authorized vendors who deliver food and beverages to your customers who place orders from inside or outside (if

permitted) your Protected Territory, as defined in your Franchise Agreement, (“3<sup>rd</sup> Party Delivery Services”) by telephone, or online via authorized web sites or mobile applications, or other authorized electronic means, whether delivery is effected by you directly, or by a third party, including to customers’ homes, offices and other locations are not deductible from Net Sales for purposes of calculating your Royalty and National Advertising Fund payments.

- (2) At our request, we may require you to pay Royalty and National Advertising Fund payments due by electronic funds transfer or any similar arrangement, in which case you must sign the documents that are necessary for us to implement the payment system.
- (3) Interest and late fees begin from the date of underpayment.
- (4) We reserve the right to change the time when you must pay the Royalty to us at any time in our absolute discretion.
- (5) We impose this fee but it is payable by you for your own advertising activities that we approve.
- (6) As we require, you must enter into a maintenance and/or support agreement with us, or one of our approved suppliers or vendors, for maintenance of and support for certain items of technology. We currently have a help desk staff that collects and processes your data and provides telephonic Brand Technology System support services pursuant to a Brand Technology System Support Services Agreement, attached to this Disclosure Document.

#### **Item 7** **ESTIMATED INITIAL INVESTMENT**

The following chart describes the estimated initial investment to construct a new single Elevation Burger Restaurant. If you develop a “Buffalo’s Café” co-branded restaurant as part of your Elevation Burger Restaurant, those costs are described in BFCI’s separate disclosure document and are in addition to the estimates set out below (BFCI estimates those costs to total between \$36,500 and \$88,000, plus \$25,000 in total initial fees). If you develop a “Hurricane Grill & Wings®” co-branded restaurant as part of your Elevation Burger Restaurant, those costs are described in HAMT’s separate disclosure document and are in addition to the estimates set out below (HAMT estimates those costs to total between \$36,500 and \$88,000, plus \$25,000 in total initial fees). We do not charge you any fee to add a co-branded “Hurricane Grill & Wings®” restaurant. As described in Item 5, if you sign a Multi-Unit Restaurant Agreement, you pay us a development fee, currently equal to \$50,000 multiplied by the number of Elevation Burger Restaurants you must open. However, certain parties to Multi-Unit Restaurant Agreements will not be required to pay a development fee.

### YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure	Column 2 Amount		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is To Be Made
	Low	High			
Initial Fee (1)	\$50,000	\$50,000	Lump Sum	When you sign a Franchise Agreement	Elevation Burger
Leasehold Improvements; Construction Costs (2)	\$150,000	\$600,000	Progress payments from lease execution until completion of construction	According to vendor and/or contractor contract payment schedule	Designer, architect, engineer, suppliers, and/or general contractors
Equipment, Decor & Furnishings (3)	\$160,000	\$600,000	Progress payments from ordering through installation	According to contractor and/or vendor contract payment schedule	Contractor or Vendor
Signage	\$10,000	\$100,000	Progress payments from ordering through installation	According to sign manufacturer payment schedule	Sign manufacturer
Point of Sale Systems (POS) and related technology (4)	\$16,100	\$38,000	As required by supplier	As required by supplier	Supplier
Restaurant Small Wares	\$10,800	\$17,000	Lump sum	As required by supplier	Wares supplier
Initial Inventory	\$7,200	\$10,400	Lump sum	As required	Various suppliers
Security Deposits (Utilities, Insurance, etc.) (5)	\$9,000	\$32,500	Lump sum	As required	Lessor of personal property, utilities, insurance broker, etc.

Column 1 Type of Expenditure	Column 2 Amount		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment Is To Be Made
	Low	High			
Insurance and Bonds	\$8,000	\$12,000	Lump sum	Monthly	Insurance companies, Landlord and Government Agencies
Rent (6)	\$3,500	\$20,000	Lump sum	Monthly	Landlord
Miscellaneous (legal, accounting, licenses, permits) (7)	\$14,000	\$25,000	Lump sum	As needed	Various
Liquor Licenses and Fees (8)	\$5,000	\$75,000	Lump sum	Before opening	Government Agencies
Grand Opening & Marketing Materials	\$7,500	\$10,000	Lump Sum	Upon execution of lease	Us
Training (9)	\$32,500	\$65,000	As arranged	As arranged	Hotels, airlines, and restaurants; for your employees
Additional Funds - three months (10)	\$25,000	\$40,000	As incurred	As needed	Various
Total (11)	\$508,600	\$1,694,900			

All amounts in Item 7 are estimates only. Actual costs will vary for each franchisee and each location depending on a number of factors. SBA financing may be available for the construction of building and improvements on leased real estate, as well as for the equipment and other initial expenses in opening the franchised restaurant. Typical SBA financing will require a down payment of 20% of the project costs, with financing ranging from 20 to 25 years. Interest rates vary. You will also pay SBA guarantee fees, which are not included in the preceding table. You should consult a lender to determine your qualifications for financing of this nature, as well as current financing costs. Unless otherwise noted, payments to us are not refundable. We are not able to represent whether or not amounts that you may pay to third parties are refundable.

- (1) As described in Item 5, if you sign a Multi-Unit Restaurant Agreement and pay us a development fee, we will credit the development fee (typically at a rate of \$50,000) against your Initial Fee. On occasion, in order to resolve a dispute with a franchisee whose Multi-Unit Restaurant Agreement

or Franchise Agreement was terminated for failing to meet its development obligation, we may in our discretion offer the franchisee the right to enter into a new Multi-Unit Restaurant Agreement. The new Multi-Unit Restaurant Agreement will permit the franchisee to open Restaurants, but may or may not be exclusive and may or may not require the franchisee to open a particular number of Restaurants, or specify particular development periods or require a development fee. We do not finance any fee.

- (2) Your leasehold improvement and construction costs will depend on many factors, including the size of your Restaurant, its location, economic conditions, local conditions, the condition of the site, the site being compliant with the Americans with Disabilities Act, having the requisite utilities available at the site, and the landlord's contribution to leasehold improvements, if any, local code or other requirements, availability of materials and labor, required use of union labor, prevailing wage requirements, freight and delivery costs, taxes, interest rates and other items. These figures do not take into account any financing charge or other related costs which you may have to pay.
- (3) This category also includes your purchase of specified various murals for display at your Restaurant, the cost of which will depend on the size of your Restaurant and the quality of your framing. (See Item 8 for details). If we offer you the opportunity, you must offer and sell cookies as an added menu item and you must: (a) purchase the Cookie Ingredients, and (b) purchase or lease the cookie oven and related equipment (the "Cookie Equipment") from our affiliate, the cost of which is estimated at approximately \$1,440 (the "Cookie Investment"). The estimated range of costs and expenses disclosed in the above table includes the Cookie Investment, approximately \$1,440 for the equipment and the price per case of Cookie Ingredients is \$15.
- (4) Your cost to purchase software includes the point-of-sale system, including hardware and printers; an online ordering system; as well as a technology stack ranging between \$16,100 and \$38,000. This includes a one-time set up fee of between \$2,000 and \$3,500 payable directly to the vendor. These figures also include the cost of firewalls, branded email accounts, monitoring and maintenance of the stack and cyber security and monitoring.

These figures do not include premium optional services that are offered by FAT Brands to you at additional costs, which include: Premise Security Package costing \$900 annually, PCI Compliance Management costing \$480 annually, Additional WAPS costing \$216 annually, Additional Phone/Seat costing \$240 each annually, Additional Cameras costing \$180 annually and Secured BOH Desktop/Laptop w/ maintenance and monitoring costing \$1,200 annually.

- (5) You will probably have to pay security deposits or prepaid expenses as part of your real and personal property leases, insurance requirements, and utilities arrangements. The actual amount of the security deposits or prepaid expenses that you must pay will be determined by your lessor and your suppliers of utility and insurance services.
- (6) Your actual costs for real property will depend on general market conditions, including, geographic area, location, desirability, improvements and utilities included, size, and the term of your lease. The real estate required for a typical free-standing Restaurant pad ranges from approximately 20,000 to 35,000 square feet. Restaurant buildings are generally 1,600 – 2,000 square feet in size and market rents currently range from \$2.25 to \$4.50 or more per square foot per month. Rental estimates are based upon a 15 year lease from a third party, and may include a percentage rent clause. The estimated figure includes percentage rent payments.
- (7) You must obtain various permits and licenses, including those from health departments, fire departments, building and safety departments, sales tax bureaus and other similar state or local



governmental agencies. The cost of these permits and licenses are determined by the governmental agencies. You will have to pay these fees directly to these agencies. We recommend you research these fees and the timelines associated with obtaining the permits in your area prior to signing a lease.

- (8) Fees and requirements for liquor licenses will vary between city, county and state. In some states the cost of a liquor license could be as high as \$200,000, or higher. You are urged to investigate the possible cost for your location before executing a Franchise Agreement. The main fee will be a city or county fee, whichever has jurisdiction. The state has a separate licensing fee that is usually a lesser amount. There may be associated costs such as advertising costs and survey fees.
- (9) We provide instructors and most instructional materials, but you must purchase additional books which are available from general booksellers. You must arrange for transportation, lodging, food, and wages. Your cost will depend upon the distance that you, your managers and hourly employees must travel, the type of accommodations you choose, the number of hourly employees you train and the duration of their training. (See Item 11 for details)
- (10) This estimates your start-up expenses. These expenses include payroll costs. We are unable to estimate the length of time until, or if, your Restaurant will generate revenues needed to meet expenses. But, we recommend a minimum working capital in the range shown that should meet the reasonably anticipated needs of your Restaurant for a period of 3 months under most circumstances. Our estimates are based on our previous operating experience in the Elevation Burger Restaurant business, during which time we or our affiliates operated restaurants similar to the type of Restaurant you will be establishing. Your actual costs will depend on your management skill, experience and business acumen, your sales figures during the 3 month period, your ability to follow our system and local market and economic conditions. We recommend that you review these figures carefully with a business advisor before making any decision to sign a franchise agreement.
- (11) As described in Items 5 and 10, we or an affiliate of ours may occasionally invest in individual franchised restaurants by acquiring an interest in the limited liability company formed to acquire the franchise. In those instances, you must make a capital contribution to the limited liability company in an amount negotiated between the parties.

### **Item 8**

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

You must use a real estate broker that we designate or otherwise approve to assist you to locate the premises for your Restaurant and assist you to negotiate a lease or purchase of the premises for your Restaurant. We will designate the construction company, contractor, architect, kitchen designer, interior designer, kitchen equipment supplier, small wares provider, furniture supplier and approved signage manufacturer you must use to build or remodel the premises for your Restaurant. At your request, we may, in our sole discretion, allow you to engage an architect and contractor selected by you and acceptable to us, provided that if you engage an architect other than an architect designated by us, you must reimburse us for our costs and expenses incurred to review and have an architect acceptable to us review the designs and plans of your architect (See Item 6). You must provide us with all information necessary for us to evaluate your proposed architect and/or contractor, which may include satisfactory past restaurant construction or design experience, references, adequate financial resources and stability and evidence

insurance. The construction company employs contractors and other personnel necessary to construct the Restaurant according to our specifications.

You must purchase or lease and maintain, at your own expense, only those brands, types, makes and/or models of Information Systems (defined in Item 11) that we specify. Our standards and specifications for the Information System may include, without limitation, configurations, programming and support and service processes. We may periodically modify specifications for and components of the Information System. You may not use any hardware or software system or component in connection with the Information System that we have not approved for your use.

As we require, you will enter into a maintenance and/or support agreement with us, one of our affiliates, or one of our approved suppliers or vendors, for the provision of maintaining and supporting the Information System or any part thereof. We may charge you a fee if we provide maintenance and/or support services. We currently have a help desk staff that collects and processes your data and provides certain support services pursuant to a Brand Technology System Support Services Agreement, which is attached to this Disclosure Document. Under the Brand Technology System Support Services Agreement, you must pay us for the support services, subject to change. The fee depends on what services and options you choose for your Restaurant. Currently your fees could range from \$840 to \$1,500 total annually, depending on the services and options you choose.

We may also charge you a fee if we develop or have developed (and, once developed, for supporting, modifying and enhancing) proprietary software that we license to you and for other Information System maintenance and support services that we, or our affiliates, provide to you. If we, or our affiliates, license proprietary software to you, or otherwise allow you to use similar technology we develop or maintain, you agree to sign and adhere to any Software License Agreement or similar document that we, or our affiliates, prescribe to regulate your use of, and our and your respective rights and responsibilities with respect to, the software.

Your purchase of the proprietary parts of the system will represent 3-5% of all of your purchases to establish your Restaurant.

You must purchase all or most parts of the digital and static menu system from an approved vendor that we engaged to design a menu/computer system for our franchisees. Presently, there is only one approved vendor. These parts include, but may not be limited to, software, mounting hardware, video displays, and miscellaneous cables. Your purchase of the proprietary parts of the system will represent 1% of all of your purchases to establish your restaurants.

You must accept MasterCard, Visa and American Express as well as such other credit and debit cards and other non-cash systems, loyalty and gift cards as we specify, and you must obtain, replace and modify all equipment required to implement the same in accordance with our policies and procedures. If we elect to roll out a loyalty or gift card program, there will only be one approved vendor for each program.

You must also purchase certain, and only those, photographs and décor items that we designate for display at your Restaurant from a designated vendor. The number of photographs and décor items that you must purchase will depend on the size and layout of your Restaurant.

We have worked hard to establish and maintain the reputation, good will and public appearance of our trade names, trademarks, service marks and products. So that we can

continue to do so in the future, we have the right to determine the quality of the service provided and products sold at our Restaurants. You must purchase all furnishings (including indoor and outdoor furniture), fixtures, decor, signage, equipment, computer hardware, software, uniforms, merchandise, flat screen television monitors, menu board system, in-store music system and sound system, inventory and other supplies, food products, ingredients, paper products and chemicals, and materials used in the operation of your Restaurant as we may specify in the operations manual from a list of currently approved suppliers. You must also subscribe to a high speed internet connection designated or approved by us, unless we specify a supplier, you may obtain such service from any supplier. Except as described in the Brand Technology System Support Services Agreement, neither we nor any of our affiliates are currently approved sources for any equipment, supplies, fixtures, inventory, real estate or other items that you must purchase to operate your Restaurant. We will provide you with non-proprietary specifications and standards through the Manuals, online communications or otherwise in writing. We provide our suppliers with specifications that include standards for quality, appearance, performance and design which we may modify in our discretion. The cost of items purchased according to specifications represents 100% of your total purchases for establishing your Restaurant and on an ongoing basis.

If you wish to procure any items from a supplier other than ones we have previously approved or designated, you must deliver written notice seeking approval of the supplier. We will use our good faith efforts to notify you of our decision within 45 days after we receive your request for approval and all requested back-up information. You may not use a supplier unless we have notified you of our approval in writing. We may revoke a supplier's approval for failure to comply with our requirements and specifications. We will disapprove or withdraw our approval of any supplier by written notice to you. Our criteria for supplier approval are not currently available to franchisees.

To protect and ensure the consistency of the brand, all marketing materials, including, but not limited to, POP materials, operational signs and menu panels are printed by our approved vendor. All marketing and promotional materials must be ordered through the designated printer. All unauthorized signs are prohibited and subject to disposal. All weathered, faded or outdated signs and marketing materials must be removed and discarded immediately. You must order all marketing materials listed in the New Store Opening Marketing Materials section of the Franchise Marketing Resource Guide and New Store Opening Guide given to you by the Marketing Department.

You must permit us or our agents to inspect your premises and to sample (on-premises) or remove samples of food or non-food items from your Restaurant, at reasonable times, and in amounts reasonably necessary for inspection and/or testing by us or an independent laboratory to decide if the samples meet our then-current standards. You may not charge us for the tested items. You may have to pay for the cost of the testing if we have not previously approved the supplier or the item or if the sample does not meet our specifications. If you use ingredients or offer to sell products that we have not approved, or buy from suppliers we have not approved, we can impose a \$500 per day fee on you.

We do have certain buying arrangements with approved suppliers who will make certain items available to you at discounted prices due to certain volume discounts, and we have retained a purchasing consultant to assist us in reviewing and negotiating our various supply arrangements. In general, except as discussed below, we do not currently derive any income from the sale of any designated items to our franchisees, although we reserve the right to do so

in the future. There may be suppliers and/or equipment manufacturers who may give us marketing considerations for your purchases.

Since July 2017, we have entered an agreement with a major payroll services company to promote and make its payroll processing systems and services available to our franchisees who have fewer than 50 employees at a significant discount. Your use of this supplier is optional and we will receive a referral fee equal to 15% of the first year's processing fees received from franchisees who choose to use its services. During our fiscal year ending December 25, 2022, Elevation Burger received \$0 in revenue pursuant to this agreement. Except as described above, we will not provide you any material benefit for using a particular supplier.

We may designate other merchandise and food items that you must sell at your Restaurant (e.g., hats, t-shirts, chili, etc.). You may not sell any other merchandise. You may not sell merchandise on the Internet or at any location other than at your Restaurant without our approval. We have entered into arrangements with certain suppliers who will provide merchandise to you on flexible terms. We may require that you purchase certain advertising and promotional merchandise from suppliers whom we have approved and who have signed a license agreement with us, and the license agreement may provide for the payment of royalties to us.

We may derive revenue from required purchases and leases of product and services by franchisees. Except as noted, these funds are used for a number of purposes, including defraying the fees of our supply chain purchasing consultant, franchise conferences, marketing and promotional purposes, our employee development and retention and for other purposes. During our fiscal year ended December 25, 2022, we received \$4,801 pursuant to this arrangement, representing .0026% of our total revenue of \$1,850,046. Our affiliates' do not derive revenue from the sale or lease of products or services to franchisees.

You must participate in the designated in-store music system program, if and when one is established. You must coordinate your purchase of your in-store music system through our construction department. You must install and operate your own in-store music system. The music for your in-store music system must be provided by our approved supplier. Your music selection must be approved by us.

We currently have approved or designated suppliers for the Cookie Ingredients and Cookie Equipment. If we offer you the opportunity, you must offer cookies as an added menu item and are required to: (a) purchase or lease the Cookie Equipment oven from our affiliate, GFG Management; (b) purchase Cookie Ingredients from our affiliate, GAC Supply; and (c) commit to offer and sell cookies for a minimum four-year period. We and/or our affiliates will derive revenue (to include rebates and other material consideration) on account of these purchases and leases and may impose mark-ups on products and equipment sold to and/or leased by franchisees. As of the issuance date of this Disclosure Document, the total amount you are required to pay to us and/or our affiliates for the Cookie Equipment is \$1,440 and the price per case of Cookie Ingredients is \$15.

Your lease for the premises must contain certain provisions that we specify in the Multi-Unit Restaurant Agreement, in the case of your development of multiple Restaurants, and Franchise Agreement, in the case of a single Restaurant development.

Other than as described above, neither we nor our affiliates derive revenue or other material consideration as a result of these required purchases or leases. Some of our vendors contribute to a marketing fund or fund programs and some may contribute sponsorship funds to

defray the costs of conducting our franchisee summits that benefit the entire franchise system. We will not provide you any material benefit for using a particular supplier. None of our officers owns any interest in any required suppliers.

Finally, you must obtain and maintain insurance policies protecting you and us (and our affiliates) for personal injury, death or property damage, or any loss related to your operation of a Restaurant. The types and minimum amounts of coverage are in our manuals or provided to you in other written materials. You must name us and our affiliates as additional insureds on all insurance.

At a minimum, you must carry:

<b>TYPE</b>	<b>MINIMUM AMOUNT</b>
General Liability Insurance	\$1,000,000 (\$2,000,000 annual aggregate)
Liquor Liability Insurance (if applicable)*	\$1,000,000 (\$2,000,000 annual aggregate)
Automobile Insurance	\$1,000,000
All-Risk Property Insurance	Equal to replacement costs
Business Interruption Insurance	\$1,000,000 or actual loss sustained
Umbrella Liability	\$1,000,000
Workers' Compensation	Statutory
Employer's Liability	\$500,000
Employment Practices Liability	\$1,000,000
Insurance Required by Law	As required by state or federal law

\* Liquor license insurance differs from jurisdiction to jurisdiction. Please check with your state and local liquor authorities on the mandatory minimum liquor license insurance requirements.

### **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>Section in Agreement</b>	<b>Disclosure Document Item</b>
a.	Site selection and acquisition/lease	Section 6.1 of Multi-Unit Restaurant Agreement	Item 11
b.	Pre-opening purchases/leases	Sections 5, 9.1 and 11.1 of Franchise Agreement;	Items 8 and 11

	<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
c.	Site development and other preopening requirements	Section 5 of Franchise Agreement, Section 6 of Multi-Unit Restaurant Agreement	Item 11
d.	Initial and ongoing training	Sections 5.8, 5.9 and 5.11 of Franchise Agreement	Item 11
e.	Opening	Sections 5.7 and 5.9 of Franchise Agreement	Not Applicable
f.	Fees	Sections 2.2, 4, 5.8, 5.9.4, 5.18, 5.19, 9.7, 10, 11.4, 12.2.3, 12.3, 14.6, 14.7, 16.1, 17.3, 21.6, and 24.1 of Franchise Agreement; Section 5 of Multi-Unit Restaurant Agreement, Sections 4 and 5 of Management Agreement; Articles 3 and 10 of Operating Agreement	Items 5 and 6
g.	Compliance with standards and policies/operating manual	Sections 5 and 7 of Franchise Agreement	Items 8 and 11
h.	Trademarks and proprietary information	Sections 6 and 8 of Franchise Agreement	Items 13 and 14
i.	Restrictions on products/services offered	Section 5 of Franchise Agreement	Items 8 and 16
j.	Warranty and customer service requirements	Not Applicable	Not Applicable
k.	Territorial development and sales quotas	Section 1.2 of Franchise Agreement, Section 3 of Multi-Unit Restaurant Agreement	Item 12
l.	Ongoing product/service purchases	Section 5 of Franchise Agreement; Section 2 of Cookie Equipment Lease (if applicable)	Items 8 and 11
m.	Maintenance, appearance and remodeling requirements	Section 5 of Franchise Agreement; Section 2.3 of Management Agreement; Section 5 of Cookie	Item 11(see note (1) below)

	<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
		Equipment Lease (if applicable)	
n.	Insurance	Section 11 of Franchise Agreement; Section 2.3 of Management Agreement	Items 6 and 8
o.	Advertising	Section 10 of Franchise Agreement	Items 6 and 11
p.	Indemnification	Sections 12.3 and 17.3 of Franchise Agreement; Section 10.2 of Multi-Unit Restaurant Agreement; Section 4 of Management Agreement; Article 10 of Operating Agreement; Section 11 of Cookie Equipment Lease (if applicable)	Item 6
q.	Owner's participation/management/staffing	Section 5 of Franchise Agreement	Items 11 and 15
r.	Accounting/reports	Section 9 of Franchise Agreement; Article 6 of Operating Agreement; Section 2.2 of Management Agreement	Item 6
s.	Inspection/audits	Sections 5.7, 5.14.6, and 9.6 of Franchise Agreement; Section 5.2 of Management Agreement	Items 6 and 11
t.	Transfer	Section 12 of Franchise Agreement; Section 7 of Multi-Unit Restaurant Agreement, Section 7.2 of Management Agreement; Section 3.2 and Article 9 of Operating Agreement	Items 6 and 17
u.	Renewal	Section 2.2 of Franchise Agreement; Section 4.2 of Multi-Unit Restaurant	Item 17

	<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
		Agreement, Section 6.1 of Management Agreement	
v.	Post-Termination obligations	Sections 14 and 15 of Franchise Agreement; Section 4.3 of Multi-Unit Restaurant Agreement, Section 6.4 of Management Agreement; Article 10 of Operating Agreement	Item 17
w.	Non-competition covenants	Section 15 of Franchise Agreement, Section 9.2 of Multi-Unit Restaurant Agreement	Item 17
x.	Dispute resolution	Section 21 of Franchise Agreement; Section 10.9 of Multi-Unit Restaurant Agreement, Section 7.16 of Management Agreement; Section 11.2 of Operating Agreement	Item 17

- (1) We may require you to refurbish your Restaurant once every 5 years. Your cost to refurbish may range from \$35,000 to \$250,000, depending on many factors, including the scope of refurbishment necessary (i.e., cosmetic v. structural).

### **Item 10** **FINANCING**

You may not borrow more than 75% of the cost of constructing, equipping, supplying and operating the Restaurant. If you are a corporation or other entity, you or your owners must contribute to you as equity at least 25% of the cost of constructing, equipping, supplying and operating the Restaurant. We may waive this requirement if you own more than one Restaurant.

We are listed on the SBA Franchise Directory located at: <https://www.sba.gov/document/support--sba-franchise-directory>. If you obtain financing through the SBA, you must sign the SBA Addendum to Franchise Agreement, attached as Exhibit B-2.

We do not offer direct or indirect financing. However, there are external financing sources that have financed up to 70% of the cost of equipment, fixtures and real estate for franchisees who meet their criteria. Our criteria for approving franchisees who finance the cost of establishing and operating their restaurants are that they must be creditworthy as determined by financing sources' internal credit policies. We cannot estimate if you will be able to obtain financing for all or any part of your investment, or what the terms of this financing would be. We do not receive



payment from any person or persons for obtaining or placing financing. We do not guarantee your note or obligation. Although we have done so in the past and reserve the right to do so in the future, we do not guarantee your lease.

Limited Liability Companies. We or an affiliate of ours may occasionally invest in individual franchised Restaurants by acquiring an interest in the limited liability company ("LLC") formed to acquire the franchise. In those instances, the LLC will be operated pursuant to a form of LLC Operating Agreement substantially similar to the form attached as Exhibit G. See Item 17 for additional details.

We or an affiliate of ours will contribute capital to the LLC in proportion to our (or affiliate's) percentage interest in the LLC, along with the other investors. Our (or our affiliate's) percentage interest in the LLCs will vary and be determined on a case by case basis by negotiation between the parties, but we (and our affiliate) plan always to be the majority owner. Generally, we or our affiliate will control the business and affairs of the LLC, subject to our affiliate's right to delegate certain responsibilities to others. The LLC Operating Agreement permits the manager of the LLC to request each member to make additional capital contributions to the LLC. The members are not required to make additional capital contributions, but if a member does not contribute additional capital the other member(s) will have the right to do so and the non-contributing member's interest in the LLC will be diluted.

We or our affiliate's capital contribution will provide a portion of the capital required by the LLC to establish the franchised business, including initial franchise fees; site acquisition costs; construction or remodeling costs; equipment and fixtures; and the opening inventory and supplies required to operate the Restaurant.

No member will have a priority over any other member as to any distribution. LLC net profits and losses generally will be allocated to the members in accordance with their percentage interest in the LLC, except in certain cases. These cases are covered by special rules under the LLC Operating Agreement. The tax effect and allocations of profits and losses involve complicated matters and we urge you to review and discuss the LLC Operating Agreement in detail with your accountant and other financial advisors.

The LLC agreement does not otherwise contain terms that require you to waive notice, confess judgment, or waive defenses or legal rights, or which bar you from asserting a defense against us or our assignee. Neither we nor our affiliate have assigned, and do not presently intend to assign, any interest we may acquire in any LLC, although we may do so with the consent of a supermajority of the members and otherwise in accordance with the LLC Operating Agreement.

If we offer you the opportunity, you must offer and sell cookies as an added menu item. However, you will have the option to purchase or lease the Cookie Equipment from our affiliate. If you elect to lease the Cookie Equipment, you must sign the designated form of lease agreement (a current copy of which is attached as Exhibit B-3) and make payments to our affiliate(s) in accordance with the terms of the Equipment Lease. Under the terms of the current Equipment Lease, you must purchase a minimum of 24 cases of Cookie Ingredients per year at a price of \$15 per case, with a total commitment of 96 cases over the course of the 4 year Equipment Lease term for a grand total of \$1,440. If you do not satisfy the minimum purchase requirement, for each case you fail to purchase, you must pay to us or our affiliates \$15 on or before the date the Equipment Lease terminates or expires. As of the issuance date of this Disclosure Document, you are not obligated to pay any interest or late fees under the Equipment Lease.

**Item 11**  
**FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

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

Pre-Opening obligations include the following assistance:

1. Multi-Unit Restaurant Agreement. If you sign a Multi-Unit Restaurant Agreement, we will specify the development area in which you must develop multiple Restaurants, either on a "Non-Exclusive" or "Protected Rights" basis (See Item 12). We may continue to sell franchises in your non-exclusive development area. (Multi-Unit Restaurant Agreement – Section 2). You must use a real estate broker that we designate or otherwise approve to assist you to locate the premises for your Restaurant and assist you to negotiate a lease or purchase of the premises for your Restaurant. You must locate a sufficient number of proposed sites for Restaurants within your Development Area and submit them to us for acceptance. Once you have located a potential site, you must submit to us for our review a real estate site evaluation package, including demographic and other information regarding the proposed site and neighboring areas. You must also obtain a Site Analysis from a vendor designated or approved by us covering the proposed location, which must be in a form and must contain the information we specify. After receiving the Site Analysis and real estate site evaluation package, we will review the information to determine whether the proposed site is acceptable. If we have not notified you within 30 days of receiving the information (or 10 days if we request additional information) that the site is accepted, then such site will be deemed rejected. If we accept the site, we will notify you of our acceptance, which will be conditioned on you entering into a final lease or purchase agreement (and any other conditions we may impose). We will, at no additional charge, make two trips to your Development Area to evaluate proposed locations for sites for which you submitted real estate site evaluation packages. You must reimburse us for our reasonable expenses incurred in evaluating any proposed sites which we evaluate during subsequent trips. (Multi-Unit Restaurant Agreement – Section 6.1). Promptly following our acceptance of a site, you must negotiate a lease or purchase agreement for the site and submit a copy to us for our acceptance. (Multi-Unit Restaurant Agreement – Section 6.2) Provided that you have satisfied all of the conditions specified in the Multi-Unit Restaurant Agreement and following our acceptance of a site, we will provide you 2 copies of our then-current Franchise Agreement, along with our franchise disclosure document, if required under applicable law. Promptly after receiving the signed Franchise Agreement from you, we will sign and return to you one copy of the Franchise Agreement. (Multi-Unit Restaurant Agreement – Section 6.2).

2. Franchise Agreement

(a) You must use a real estate broker that we designate or otherwise approve to assist you to locate the premises for your Restaurant and assist you to negotiate a lease or purchase of the premises for your Restaurant. We will review your proposed lease or real estate purchase agreement, as applicable, to determine whether it meets our minimum standards and specifications at the time of acceptance. You must reimburse us for our direct and indirect costs incurred in connection with our review of your proposed lease or real estate purchase agreement, up to a maximum of \$2,500. Our review and acceptance of your lease should not be construed as any express or implied representation or warranty that an accepted lease or purchase agreement complies with applicable law or represents a transaction that is fair or is in your best interest.

(b) We will specify your protected territory in your Franchise Agreement (Franchise Agreement – Section 1.3)

(c) We anticipate that no later than 12 weeks before your opening, we will train your restaurant manager (which may be you) and 4 additional persons who have been designated as assistant managers or shift leaders in the day to day management of your Restaurant. In total, 5 managers must attend and successfully complete the training program to become certified managers in order for you to be approved for store openings.

The training program is 3 to 6 weeks in duration (3 weeks @ 40 hours/week for shift managers and 6 weeks @ 50 hours/week for assistant managers, and general managers). In addition, you, or your owner if the franchisee is a business entity, must attend an executive training program (1 week @ 50 hours/week). The length of the training program is approximate and is dependent on the experience and progress made by trainees during training. Breaks can be arranged as part of the initial training program. Training will be provided as follows.

When you renew your franchise agreement, you must comply with the then-current training requirements, which may be different from our current requirements described below. If you are signing your franchise agreement in connection with the renewal of your franchise at this time, you must comply with our training requirements described below.

If you purchase a franchise for a co-branded “Buffalo’s Café” or “Hurricane Grill & Wings®” at the same time as you purchase a franchise for a new Elevation Burger Restaurant, the following training will include training in operating the Buffalo’s Café or Hurricane Grill portion of the business as well. However, if you add a co-branded “Buffalo’s Café” or “Hurricane Grill & Wings®” to an existing Elevation Burger Restaurant after you have already received Elevation Burger training, our affiliate BFCI or HAMT will provide an additional two (2) weeks of training pursuant to your “Buffalo’s Café” or “Hurricane Grill & Wings®” Franchise Agreement and Co-brand Addendum.

**EXECUTIVE TRAINING PROGRAM**

<b>Column 1 Subject</b>	<b>Column 2 Hours of Classroom Training and/or Book Work</b>	<b>Column 3 On the Job Training</b>	<b>Column 4 Location</b>
Orientation/Positional Skills	4 hrs.	21 hrs.	Our corporate offices in Beverly Hills, CA*
Shift Mechanics	8 hrs.	17 hrs.	Our corporate offices in Beverly Hills, CA*
<b>TOTALS</b>	12 hrs.	38 hrs.	

**INITIAL TRAINING PROGRAM**

<b>Column 1 Subject</b>	<b>Column 2 Hours of Classroom Training and/or Book Work</b>	<b>Column 3 On the Job Training</b>	<b>Column 4 Location</b>
Orientation/Positional Skills	16	84	Our corporate offices in Beverly Hills, CA*
Shift Mechanics	14	86	Our corporate offices in Beverly Hills, CA*
Shift Management	14	86	Our corporate offices in Beverly Hills, CA*
<b>TOTALS</b>	<b>44</b>	<b>256</b>	Our corporate offices in Beverly Hills, CA*

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- (\*) Training may occur at one or more of our certified training restaurants which are currently located in Issaquah, Washington; Los Angeles, California; Fresno, California; and Beverly Hills, California or at another franchised or affiliate-owned Fatburger Restaurant that we designate.

There is a shorter 3 week shift leader program available as follows:

**SHIFT LEADER TRAINING PROGRAM**

<b>Column 1 Subject</b>	<b>Column 2 Hours of Classroom Training and/or Book Work</b>	<b>Column 3 On the Job Training</b>	<b>Column 4 Location</b>
Orientation/Positional Skills	15	75	Our corporate offices in Beverly Hills, CA*
Shift Mechanics	7	53	Our corporate offices in Beverly Hills, CA*
<b>TOTALS</b>	<b>22</b>	<b>128</b>	Our corporate offices in Beverly Hills, CA*

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- (\*) Training may also occur at one or more of our certified training restaurants which are currently located in Issaquah, Washington; Los Angeles, California; Fresno, California; and Beverly Hills, California or at another franchised or affiliate-owned Fatburger Restaurant that we designate.

You or the owner, if the franchisee is a business entity, must complete to our satisfaction the executive training program. The general manager and 4 additional management team

members (assistant managers and shift managers) must attend and complete, to our satisfaction, the initial training program. The initial training program is supervised by FAT's Director of Training, Jennifer Bonilla who became FAT's Director of Training in June 2019. The training materials include topical training handbooks that are separate from our operating manuals. We provide instructors and instructional materials, but you must arrange and pay for transportation, lodging, food, and wages, including expenses for any days off for breaks during training. Your cost will depend upon the distance that you and your managers must travel and the type of accommodations you choose. Before you and/or your personnel start the initial training program, you must procure statutory worker's compensation insurance covering all participants in the training program. Other locations in the system may become certified for training and may be made available to you as business conditions allow. All trainees must adhere to the corporate code of conduct while in training. We reserve the right to discontinue training for any trainees who violate our code of conduct or fail to pass weekly certification tests or otherwise demonstrate an inability to meet the requirements of their job title. (Franchise Agreement - Sections 5.8 and 11.1)

(d) We will provide you with an approved opening date for your Restaurant, after you have provided evidence to us that you have met all of the requirements necessary to be certified to open. (Franchise Agreement - Section 5.9)

(e) We will provide you with pre-opening and post-opening supervision and assistance as we deem advisable based on your opening plan, subject (as to timing) to scheduling needs and availability of personnel. If you are signing your Franchise Agreement for your (or your affiliates') first Restaurant we will bear up to \$20,000 of the direct and indirect wages and other labor costs and expenses of our personnel who provide training and other pre-opening and post-opening supervision and assistance. You must reimburse us within 21 days of demand, the amount of all wages, labor costs and expenses in excess of \$20,000. If you are signing your Franchise Agreement for your (or your affiliates') second or subsequent Restaurant opened, you must reimburse us for all direct and indirect wages and other labor costs and expenses of our personnel who provide training or other pre-opening and post-opening supervision. (Franchise Agreement – Section 5.9)

(f) You must purchase one copy (currently for \$21) of the operating manuals which you must download in electronic form, by means of the internet, electronic file or program or as we otherwise specify, unless you purchased your Restaurant from an existing franchisee or you are entering into a renewal Franchise Agreement and have already been provided a copy of the manuals. (Franchise Agreement – Section 7)

During the operation of the Restaurant, we (or our designee) will:

1. Provide you, as we deem appropriate, with advice and written materials concerning techniques of managing and operating the Restaurant, including new developments and improvements in equipment, food products, packaging, and preparation. (Franchise Agreement - Section 3.4)

2. Provide, as we deem appropriate, additional training for you or your manager, operating partner, assistant managers, shift leaders or other employees and quarterly training and status meetings. You or your employees must attend any additional training programs we believe are necessary. You will reimburse us for our costs of training any new manager or new assistant manager or shift leader employed by you up to a maximum of \$500 per week for each individual. We provide instructors and most instructional materials, but you or your employees

must arrange for and pay all costs associated with transportation, lodging, food, and wages. (Franchise Agreement - Section 5.8 and 5.11)

3. Conduct, as we deem advisable, inspections of the Restaurant and evaluations of the products sold and services rendered in and from the Restaurant. (Franchise Agreement - Section 5.14.6 and 5.18)

4. Approve or disapprove all advertising and promotional merchandise in advance and in writing after you submit it to us for consideration, including but not limited to yellow page advertisements, print ads, posters, billboards, and electronic media materials. (Franchise Agreement - Section 10.1.4)

5. Administer the National Advertising Fund described below.

6. If you sign the Management Agreement, provide you with additional advice regarding the operation and management of your Restaurant, and if agreed upon by the parties, supervise and manage the operation of your Restaurant. (Management Agreement, Section 1.1 and Exhibit J)

We estimate that the length of time between signing of the franchise agreement and opening of the Restaurant will range from 4 to 12 months. Factors that may affect the length of time it takes for your Restaurant to include your ability to obtain a lease, financing, obtaining permits, zoning or local ordinances and factors bearing on construction.

### **Advertising Programs**

We will conduct promotional/advertising activities, developed by us, an advertising agency and/or a public relations firm, to enhance our corporate name and image through a national advertising fund (the "Fund"). You must make a weekly contribution to the Fund in an amount equal to the greater of \$250 or 2% of your weekly net sales. This requirement is in addition to the 2% of net sales which you must spend on local advertising under Section 10.1 of the Franchise Agreement. We reserve the right to increase the amount of your weekly Fund contribution to up to 4% of your weekly net sales. Except as described below, for each Restaurant owned by us or our affiliates, we, or our affiliates, will contribute the amount that would be required to be contributed to the Fund as if it were a franchised Restaurant.

During our fiscal year ended December 25, 2022, the following percentages of advertising expenditures were made in the areas described below:

<u>Category</u>	<u>Expenditure</u>
Production	3%
Public Relations	3%
Administrative	0%
Website	6%
Printing (menus, collateral, POP)	5%
Agency Fees	0%
Overhead (includes payroll processing, rent, property tax/CAM charges, insurance, licenses, fees & permits, hardware, software, telephone, cellular, office supplies, print & stationery, photocopier, accounting/tax fees, product testing, subscription & dues, bank charges, depreciating computer & equipment)	51%
Other expenses (includes In-store music licensing, online ordering fees, third-party delivery aggregation tool fees, online listings management, communications & training platform, franchise conference, media/advertising, franchise development advertising, third-party delivery promotions, promotions, Email marketing, food photography, media monitoring service, transportation, parking, mileage, airfare, meals, food)	32%
Total	100.0%

Currently, FAT utilizes a variety of shared (e.g., Public Relations personnel, Graphic Designers, Social Media Manager, Advertising Agencies, etc.) and non-shared or “dedicated” (e.g., brand specific marketing personnel) marketing resources to support marketing and advertising initiatives across all of its brands. Regardless of whether the resource is shared or non-shared, the Fund and advertising funds of other FAT-owned franchising companies bear an equitably allocated share of expenses related to these resources based on metrics determine by FAT in its good faith discretion (e.g., per project basis, per location fees, time, flat-fee per brand, etc.). For service providers that charge recurring fees based on the number of locations they are servicing, those expenses are allocated across the respective brand advertising funds on a pro-rata basis. For brand-specific marketing personnel (e.g., a Marketing Director), their salaries, wages, benefits and health insurance expenses are directly charged to the respective brand advertising fund(s) as an expense. For shared marketing personnel (e.g., Creative Director, Graphic Designers, Marketing Coordinators, Social Media Managers, Marketing Directors, Marketing Administrators, etc.), their salaries, wages, benefits, and health insurance expenses are allocated across the respective brand advertising funds based on the amount of time/work

that they spend on each brand. FAT does not charge any expenses for its Chief Marketing Officer to any brand funds.

We spend the Fund's monies on costs of preparing and administering marketing activities for Restaurants on a local, regional or national basis (including television, radio, magazine, digital, podcast, newspaper and other forms of advertising campaigns; direct mail and outdoor billboard advertising; marketing surveys; public relations activities; sponsorship of athletic and other events and activities; guest-service monitoring; location listings; email and other forms of consumer facing marketing; cost of online ordering; cost of marketing personnel; mobile marketing vehicles, promotional brochures and other marketing materials, including those used for soliciting franchise sales). At our option, we may use up to 15% of the Fund for advertising or promotion that is principally a solicitation for the sale of franchises. We are not obligated to spend any money on advertising any particular Restaurant or on advertising in your area or territory.

We plan to use all contributions to and earnings of the Fund on advertising/promotion during the same fiscal year that we receive the contributions and earnings. If excess amounts are in the Fund at the end of a fiscal year, we will spend the remaining funds in the following fiscal year(s), first out of accumulated earnings from previous years, next out of earnings in the current year, and then from contributions. We may spend in any year an amount greater than the aggregate contributions to the Fund, and may cause the Fund to borrow funds to cover deficits. If we or an affiliate advances money to the Fund, it will be entitled to be reimbursed for its advances plus interest.

Although the Fund is intended to exist as long as we offer franchises, we do have the right to terminate it. We will not terminate the Fund until all monies in the Fund have been spent on advertising/promotion, applied towards any funds that we may have decided to advance at a time when there were not sufficient amounts in the Fund for appropriate advertising activities, or returned to contributors on the basis of their respective contributions. (Franchise Agreement - Section 10.2)

Our affiliate-owned Restaurants also contribute to the Fund.

You may develop your own advertisements, including print, radio, television, coupons and internet ads, as well as direct mail for your own use, at your own cost. However, there are specific guidelines, including branding, creative direction, font type, logo design and redemption restrictions that must be adhered to. We may decline any advertisement that does not meet these guidelines. We must approve the advertising materials in advance and in writing. All marketing materials must be ordered through the designated printer. If we do not disapprove of the advertising materials within 2 weeks after we receive them, you may consider the advertising materials approved by us. To save time and resources, you should contact our Marketing Department during your planning stages so the Marketing Department can authorize your creative direction before your monetary investment in selected media.

In addition to contributing to the Fund, you must also spend 2% of net sales during each calendar quarter on local advertising and promotion of your Restaurant. You must furnish us with a marketing report of your local advertising expenditures, together with copies of invoices and other proof of expenditures on or before January 31 and July 31 of each year for the preceding 6 month period.



## **Advertising Council**

There is presently no advertising council composed of franchisees that advises us on advertising policies.

## **Advertising Cooperatives**

Presently, franchisees are not required to participate in local or regional advertising cooperatives.

## **In-Store Music System**

You must participate in the designated in-store music system program, if and when one is established. You must coordinate your purchase of your in-store music system through our construction department. You must install and operate your own in-store music system. The music for your in-store music system must be provided by our approved supplier. Your music selection must be approved by Elevation Burger.

## **Computer and Other Systems**

You must purchase or lease and maintain, at your own expense, only those brands, types, makes and/or models of Information Systems computer hardware and software, communications hardware and software, point of sale hardware and software, kitchen display systems, kiosk(s), data and/or databases and any other items that, collectively or independently, provide for administering, tracking, measuring, managing or reporting business information including, sales, food cost and other operating cost management (collectively, the "Information System") that we specify.

Our standards and specifications for the Information System may include, without limitation, configurations, programming and support and service processes. We may periodically modify specifications for and components of the Information System. Certain modifications or other technological developments or events may require you to purchase, lease or license new or modified computer hardware and software and to obtain service and support for the Information System. Although we cannot estimate the future costs of the new or modified Information System, you must incur the costs of obtaining the computer hardware and software comprising the Information System (or additions or modifications) and required service or support. There are no contractual limitations on the frequency or cost of required upgrades or updates to the Information System. We have no obligation to reimburse you for any Information System costs. Within 60 days after you receive notice from us, you agree to obtain the components of the Information System that we designate and ensure that your Information System, as modified, is functioning properly. You may not use any hardware or software system or component in connection with the Information System that we have not approved for your use.

Your cost to purchase Information Systems ranges from \$16,100 and \$38,000. This includes a one-time set up fee of between \$2,000 and \$3,500 payable directly to the vendor. These figures also include the cost of firewalls, branded email accounts, monitoring and maintenance of the stack and cyber security and monitoring. These figures do not include premium optional services that are offered by FAT to you at additional costs, which include: Premise Security Package costing \$900 annually, PCI Compliance Management costing \$480 annually, Additional WAPS costing \$216 annually, Additional Phone/Seat costing \$240 each

annually, Additional Cameras costing \$180 annually and Secured BOH Desktop/Laptop w/ maintenance and monitoring costing \$1,200 annually.

As we require, you will enter into a maintenance and/or support agreement with us, one of our affiliates, or one of our approved suppliers or vendors, for the provision of maintaining and supporting the Information System or any part thereof. We may charge you a fee if we provide maintenance and/or support services. We currently have a help desk staff that collects and processes your data and provides certain support services pursuant to a Brand Technology System Support Services Agreement, which is attached to this Disclosure Document. Under the Brand Technology System Support Services Agreement, you must pay us for the support services, subject to change. The fee depends on what services and options you choose for your Restaurant. Currently your fees could range from \$840 to \$1,500 total annually, depending on the services and options you choose.

We and our affiliates do have independent access to the information generated and stored in your Information System. We and our affiliates may, from time to time, and at any time, retrieve such data and information from your Information System as we (or such affiliate), in its sole discretion, deems appropriate, with the cost of such retrieval to be borne by us. There are no contractual limits on our access to your Information System.

We may also charge you a fee if we develop or have developed (and, once developed, for supporting, modifying and enhancing) proprietary software that we license to you and for other Information System maintenance and support services that we, or our affiliates, provide to you. If we, or our affiliates, license proprietary software to you, or otherwise allow you to use similar technology we develop or maintain, you agree to sign and adhere to any Software License Agreement or similar document that we, or our affiliates, prescribe to regulate your use of, and our and your respective rights and responsibilities with respect to, the software.

Notwithstanding the fact that you must buy, use and maintain the Information System under our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance and upgrading of the Information System; (2) the manner in which your Information System interfaces with our information system and those of other third parties; and (3) any and all consequences that may arise if the Information System is not properly operated, maintained and upgraded.

You must accept MasterCard, Visa and American Express and other credit and debit cards and other non-cash systems, Fatburger loyalty cards and gift cards that we specify.

You must also purchase, install and upgrade specified security digital still and security video cameras and all software and hardware necessary to enable you to send and receive e-mail and digital photos and streaming video and audio or other multimedia signals and information to and from your Restaurant, or proposed locations in the case of a Multi-Unit Developer, and provide and allow us access to video, photos, audio and multimedia signals and information.

## **Internet**

We have registered the Internet domain name elevationburger.com and have established sites using this domain name. You acknowledge that the domain names are our sole property. You may not use in any manner any computer medium or electronic medium (for example, any Internet home page, e-mail address, website, domain name, URL, bulletin board, newsgroup or other Internet related medium or activity) that contains our Marks, or any other words, symbols or

terms confusingly similar to our Marks without our express prior written consent. We may include on our Internet web site interior pages that identify all restaurants, including your Restaurant. (Exhibit "B" Section 10.3)

## **Operating Manuals**

We have attached the table of contents of our current operating manuals as Schedule 1 to this franchise disclosure document. Our current manuals consist of 2 volumes and devote approximately the following number of pages to the following volumes: Operations Manual (335 pages) and Franchise Marketing Resource Guide and New Store Opening Guide (150 pages).

## **Item 12** **TERRITORY**

### **Multi-Unit Restaurant Agreement**

Under the Multi-Unit Restaurant Agreement, we grant you the right to develop and operate a specified number of Restaurants at venues in a specified Development Area, either on a "Non-exclusive" basis, or on a "Protected Rights" basis. You will sign a separate Franchise Agreement for each Restaurant that you open pursuant to the Multi-Unit Restaurant Agreement, each of which will provide a "Protected Territory" (described below under the "Franchise Agreement" heading).

If your Multi-Unit Restaurant Agreement provides for development on a non-exclusive basis, you will not receive an exclusive territory and we reserve all rights, including the right to own or operate and to franchise or license others to own or operate restaurants under the name "Elevation Burger" and under any other trademarks, trade names, service marks, logotypes, insignias, trade dress and designs at any location whatsoever whether within or outside the Development Area (subject to the rights granted to you within the "Protected Territory" assigned by each unit Franchise Agreement you execute). You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

If we grant you the right to develop on a "Protected Rights" basis, we will not operate, or license to anyone else the right to operate, an "Elevation Burger" "Traditional Restaurant" (defined below) at any venue other than a "Non-Traditional Venue/Excluded Venue" (defined below) in the Protected Territory during the term of your Franchise Agreement. A "Traditional Restaurant" is a business premises that exists primarily as an "Elevation Burger" restaurant, excluding any "Elevation Burger" restaurant at a Non-Traditional Venue/Excluded Venue, however, which Traditional Restaurant may also have other types of Franchisor-approved co-branded businesses located in it, but in such case the Elevation Burger restaurant is the primary business. A "Non-Traditional Venue/Excluded Venue" means a site, venue or location within another primary business or in conjunction with other businesses or at institutional settings, including, toll roads, highway travel plazas, hotels and motels, casinos and casino adjacent locations, airports, sports arena, stadiums, bus stations, train stations, theme parks, amusement facilities, military and other governmental facilities, movie theaters, hospitals, grocery stores, supermarkets, convenience stores, schools, college and university campuses, piers, gyms, offices or in-plant food service facilities, shopping mall food courts operated by a master concessionaire, and any site for which the lessor, owner or operator has indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider.

However, we also expressly reserve certain rights (the "Reserved Rights") to operate and/or license others (which may include our affiliates) to own or operate (i) restaurants under the name "Elevation Burger" and under any other trademarks, trade names, service marks, logotypes, insignias, trade dress and designs at any location outside the Development Area (and the "Protected Territory" granted with respect to any individual Franchise Agreement), (ii) restaurants and other facilities under the name "Elevation Burger" and under any other trademarks, trade names, service marks, logotypes, insignias, trade dress and designs at Non-Traditional Venues at any location, and of any type whatsoever, within or outside the Development Area (and the "Protected Territory" granted with respect to any individual Franchise Agreement), and regardless of proximity to your Restaurants; (iii) facilities offering catering services and mobile units designed to service special events within and outside your Development Area (and the "Protected Territory" granted with respect to any individual Franchise Agreement), and (iv) restaurants and other systems operating under names other than "Elevation Burger" or the other trademarks, trade names, service marks, logotypes, insignias, trade dress and designs (including without limitation "Buffalo's Cafe," "FATBURGER®," "PONDEROSA STEAKHOUSE®," "BONANZA STEAKHOUSE®," Hurricane Grill & Wings®, "Hurricane Sports Grill®, "Hurricane Dockside Grill ®," "Hurricane BTW Burgers + Tacos + Wings," "Yalla Mediterranean®, "Johnny Rockets," "Round Table Pizza," "Hot Dog On A Stick," "Pretzelmaker," "Great American Cookies," "Marble Slab," "Fazoli's," "Twin Peaks" and "Native Grill & Wings" restaurants), at any location, and of any type whatsoever, within or outside the Development Area (and the "Protected Territory" granted with respect to any individual Franchise Agreement) and regardless of their proximity to your Restaurants.

Except to the extent described above, 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.

If during any development period, as provided in your Multi-Unit Restaurant Agreement, you fail to open the cumulative number of Restaurants that you are required to open for that development period, you will forfeit the right to develop that number of Restaurants which you failed to open. Therefore, your total development obligation will be reduced by the number of Restaurants that you failed to open. In addition, the portion of the development fee that is attributable to the Restaurant(s) which you failed to open will be forfeited and the remaining balance that is available to be credited against the initial franchise fee (see Item 5) will be reduced accordingly. If you fail to meet your development obligation for two consecutive development periods, we may terminate your Multi-Unit Restaurant Agreement.

On occasion, in order to resolve a dispute with a franchisee whose Multi-Unit Restaurant Agreement or Franchise Agreement was terminated for failing to meet its development obligation, we may in our discretion offer the franchisee the right to enter into a new Multi-Unit Restaurant Agreement. The new Multi-Unit Restaurant Agreement will permit the franchisee to open Restaurants, but may or may not be exclusive and may or may not require the franchisee to open a particular number of Restaurants, or specify particular development periods or require a development fee.

### Franchise Agreement

You will be permitted to operate your Restaurant at location which we accept. Your protected territory (the "Protected Territory") will be described in an attachment to your Franchise Agreement. The size of the Protected Territory will vary depending on many factors, such as population density and residential versus commercial properties in your area. The Protected Area

is typically within a one-mile radius of the Restaurant but may vary. Your Protected Area will not be modified during the term of your Franchise Agreement and you will not have the right to open additional Restaurants unless you have also signed a Multi-Unit Restaurant Agreement. You may not relocate your Restaurant without first obtaining our consent. We will not operate, or license to anyone else the right to operate, an "Elevation Burger" Traditional Restaurant at any venue other than a Non-Traditional Venue/Excluded Venue in the Protected Territory during the term of your Franchise Agreement; provided, however, that for the avoidance of doubt the delivery of any goods, products or services by us, any of our affiliates or any other licensee, directly or indirectly, including through delivery services, shall not violate or be a breach. Your rights within the Protected Territory will be subject to the Reserved Rights described above with respect to the Multi-Unit Restaurant Agreement.

Unless we specifically approve, you do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing, to make sales outside your Protected Territory. Otherwise, and except for our guidelines regarding advertising in general, which can be found in our Franchise Agreement, we place no specific limits on your ability to advertise or solicit or accept orders from outside of your Protected Territory to be filled at your Restaurant and you may not provide delivery services or catering services (directly or through a first party or any third party, including Uber Eats, Postmates, GrubHub, DoorDash and other providers) without first obtaining our prior written consent, which we may grant or deny in our sole discretion, and which if granted, may be subject to any conditions and restrictions we may impose, including your strict adherence to our system standards and restrictions regarding the types of products and services you may offer and the geographic area in which you may provide such delivery and/or catering services. The exclusivity of your Protected Territory will not depend on the achievement of a certain sales volume, market penetration or other contingency.

You do not have the right to operate a website or use our trademarks in any other manner on the Internet or in other electronic means of communication. In particular, you may not use our trademarks as part of an Internet domain name, URL or email address.

Although we have agreed to provide you with certain protections in your Protected 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 and our affiliates may also produce, license, distribute and market products and services under the name "Elevation Burger" (and/or any other brand or trademark that we or our affiliates own, have a right to use or may acquire the right to use in the future), including food and beverage products, gift cards, books, clothing, souvenirs and novelty items, through any outlet (regardless of its proximity to your Restaurants), including grocery stores, supermarkets and convenience stores and through any distribution channel, at wholesale or retail, including by means of the Internet or Internet web site, mail order catalogs, direct mail advertising and other distribution methods, and to advertise and promote the System through any means, including the Internet. We do not pay you any compensation for soliciting or accepting orders from inside your Protected Territory.


As described in Item 1, our affiliates own and operate Restaurants using our trademarks and also operate "Fatburger," "Buffalo's Café," "PONDEROSA STEAKHOUSE®," "BONANZA STEAKHOUSE®," Hurricane Grill & Wings®, "Hurricane Sports Grill®," "Hurricane Dockside Grill®," "Hurricane BTW Burgers + Tacos + Wings," "Yalla Mediterranean®," "Johnny Rockets," and "Round Table Pizza" restaurants. We and our affiliates own and operate mobile units under our

trademarks to service special events which may occur in your protected or exclusive area. Other than “Buffalo’s Café,” “PONDEROSA STEAKHOUSE®,” “BONANZA STEAKHOUSE®,” Hurricane Grill & Wings®, “Hurricane Sports Grill®,” “Hurricane Dockside Grill ®,” “Hurricane BTW Burgers + Tacos + Wings,” “Yalla Mediterranean®,” “FATBURGER®,” “Johnny Rockets,” “Round Table Pizza,” “Hot Dog On A Stick,” “Pretzelmaker,” “Great American Cookies,” “Marble Slab,” “Fazoli’s,” “Twin Peaks” and “Native Grill & Wings” and neither we nor our affiliates have established, nor as of the date of this disclosure document intend to establish, other franchises or company-owned restaurants providing similar food products or services under a different trademark. The goods and services and trademarks of each are described in Item 1. However, our Parent has acquired other restaurant chains and we and our affiliates reserve the right to do so in the future. An affiliate of ours or a franchisee or licensee may own food outlets under those trademarks. Our affiliates and their franchisees and licensees may solicit or accept orders within your territory or market area. We do not anticipate conflicts between outlets that our affiliates operate or franchise because each offer a distinct experience and differing menus. If conflicts do arise, we and our affiliates will resolve them as we deem appropriate. The principal business addresses of our affiliates is in Item 1. We do not currently plan to maintain physically separate offices or training facilities.

**Item 13**  
**TRADEMARKS**

We will license you to operate your Restaurant under the Elevation Burger trade names, trademarks, service marks and logos used to identify your Restaurant (the “Trademarks”). You may only use our Trademarks in the operation of your Restaurant. You are prohibited from using the trademarks on the Internet, as part of an Internet domain name, URL or email address or as part of your corporate or other legal name.

The following marks are registered by our wholly-owned subsidiary, EBIP Holdings, LLC on the Principal Register of the United States Patent and Trademark Office (“PTO”):

Mark	Registration No.	Registration Date
Elevation Burger (word mark)	3,204,042	January 30, 2007 Renewed: January, 30, 2017
Elevation Burger	5,833,732	August 13, 2019
Elevation Burger (words + design)	3,204,043	January 30, 2007 Renewed: January, 30, 2017
	5,833,732	August 13, 2019

We received the right to use the trademarks and to license their use to you under an agreement with EBIP Holdings, LLC dated April 24, 2020 (the “Agreement”). EBIP Holdings, LLC granted us the right to use the trademarks to operate, and to sublicense and franchise the right to operate Restaurants. The Agreement has an initial 50 year term and unless earlier terminated,

the Agreement continues indefinitely. The Agreement provides that if it is terminated, the rights of franchisees to continue to operate existing Restaurants pursuant to their Franchise Agreements will not terminate. However, termination of the Agreement may affect your right to develop additional Restaurants. No other agreements limit our rights to use or license the use of the trademarks.

We have filed all required affidavits for the above marks. There is no currently effective determination of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceeding; or any pending material federal or state court litigation involving the marks.

We are not aware of any superior rights or infringing uses that could materially affect your use of our Trademarks in the state in which your Restaurant will be located.

You must notify us immediately when you learn of an infringement of or challenge to your use or our use of our Trademarks. We and/or our Parent have the right to control any administrative proceeding, litigation or other action involving our Trademarks, including any settlement. While we are not required to, we may take affirmative action against uses by others that may constitute infringement of our Trademarks. We will defend you against any third-party claim against your use of our Trademarks. If we determine that you have used our Trademarks as we require, we will reimburse you for your liability and reasonable costs incurred in defending our Trademarks. If we determine that you have not used our Trademarks in accordance with our rules, you will have to pay for the cost of this defense, including the cost of any judgment or settlement. If any litigation relates to your use of our trademarks, you must sign all documents and do those acts as we may determine are necessary to carry out this defense or prosecution, including, becoming a nominal party to any legal action.

We have the right to modify or substitute different Trademarks for use in identifying our system and Restaurants operating under it and you must comply with any modification or substitution, at your expense, within 60 days after notice to you.

## **Item 14** **PATENTS AND COPYRIGHTS AND PROPRIETARY INFORMATION**

### **Patents and Copyrights**

No patents or registered copyrights are material to your franchise and there are no pending patent applications that are material to your franchise.

### **Confidential Operations Manuals**

You may use the proprietary material in our operating Manuals. Our Manuals are confidential information as described in Item 11. Although we have not filed a copyright registration for the Manuals, we claim common law copyrights in the Manuals and the information is proprietary. Our operating Manuals may consist of one or more volumes of books, manuals, or other materials relating to operation under our System, including additions that we may publish periodically. Our right to use or license this copyrighted material is not materially limited by an agreement or known infringing use.

You must always keep the Manuals in a secure place at your Restaurant. You must always treat the Manuals and the information contained in them as confidential, and must use all reasonable efforts to keep this information secret and confidential. You may never copy or reproduce any part of the materials, nor make them available in any manner to any unauthorized person. You may only divulge the confidential information to your employees that must have access to it in order to operate your Restaurant. All information, knowledge, know how, and techniques which we designate as confidential will be deemed confidential for purposes of the franchise agreement.

You must have your personnel sign confidentiality agreements that they will keep confidential the information that they receive because of their employment by you at the Restaurant. You must use the agreement provided by us which provides that we are a third party beneficiary of the agreement with an independent right to enforce its provisions.

You must tell us if you learn about unauthorized use of our Manuals. We are not required to take any affirmative action in response to the unauthorized use, but we will respond as we think appropriate.

Our Manuals will at all times be our sole property.

We may change the contents of the Manuals, but such changes will not alter your fundamental rights under the Franchise Agreement. You must comply with each new or changed standard. You must at all times make sure that your copy of the Manuals is kept current and up to date; and, if there is a dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by us at our headquarters will be controlling.

### **Photographs of Restaurant**

We may enter your Restaurant premises at any time upon reasonable notice to you for the purpose of photographing the interior and/or exterior of your Restaurant for promotional purposes. You must cooperate with our representatives for these purposes and in obtaining photo releases from employees and other individuals, if necessary. Photographs of the interior or exterior of your Restaurant may be included in any promotional materials we develop or distribute without your consent or any payment to you.

## **Item 15** **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You do not have to personally supervise your Restaurant, however, if you (or your principal approved by us) do not personally supervise your Restaurant, a manager or one of your assistant managers or shift leaders who has successfully completed our training program must directly supervise your Restaurant "on premises." Your manager must assume responsibility for the day-to-day operation of the Restaurant, oversight of the preparation of food products, and supervision of personnel and accounting and must spend at least 40 hours per week overseeing the operation of the Restaurant. You may replace your manager or any assistant manager any time as long as you immediately notify us of any changes. Any new manager or assistant manager or shift leader must complete our initial training program.

If we sign (or our affiliate signs) a Management Agreement (Exhibit J) with you, we will provide you with additional advice regarding the management of your Restaurant. The precise



level of advice and service, and, if agreed upon, our obligation to manage your Restaurant and supervise your management and supervisory personnel and other employees will be identified in the Management Agreement.

Your Operating Partner, if any, manager, assistant managers and any other personnel having access to our confidential information must sign the Confidentiality and Non-Competition Agreement attached as Exhibit F. At our request, you must also require that your officers, directors, general partners, limited partners and each person who owns a 5% or greater interest in you to sign Exhibit F. We may require your spouse or your owners and their spouses to sign the Guarantee and Indemnification attached as Exhibit C. If you sign the Management Agreement, and you are an entity, we may require all of your equity owners to sign the guaranty attached as Exhibit C. If you sign the Multi-Unit Restaurant Agreement, we may require your spouse or your owners and their spouses to sign the Guarantee, Indemnification and Acknowledgement attached as Exhibit C to the Multi-Unit Restaurant Agreement (Exhibit E to this disclosure document).

If you or your affiliates operate more than one Restaurant, you must designate an "Operating Partner" acceptable to us who will be responsible for supervising the overall operations of your Restaurants. If you or your affiliates operate multiple Restaurants which are remote from one another, we may require that your Operating Partners have up to a 25% equity interest in you (if Franchisee is a legal entity) or the Restaurant. You must notify us of any change in the Operating Partner, subject to our acceptance.

#### **Item 16** **RESTRICTIONS ON WHAT FRANCHISEE MAY SELL**

You must offer for sale only those menu items and approved sizes, products, and services that we have approved and you must use, in the preparation of food products, only the seasonings and chili that we require that you use (see Item 8). You must also sell merchandise that we designate. There are no limits on our right to make changes in the type of authorized goods and services that you must sell in your Restaurant. You must also immediately discontinue selling any menu items, products, merchandise or services which we disapprove in writing at any time. You must use certain uniforms approved by us. You must use and show only menus approved by us, except for prices. You must participate in the designated in-store music system program, if and when one is established. You must coordinate your purchase of your in-store music system through our construction department. You must install and operate your own in-store music system. The music for your in-store music system must be provided by our approved supplier. You may not install or allow to be installed on the Restaurant premises any other vending, ATM or amusement machine without our consent.

You may not use, or permit use of, your Restaurant for any other purpose or activity at any time, or provide catering or other services outside of the Restaurant, without first obtaining our consent. You may not sell any alcoholic beverages without our consent. Our consent may be conditioned upon those factors as we think are necessary for the protection of our trademarks, including the requirement that you comply with all laws and regulations applicable to the sale and consumption of alcoholic beverages at your Restaurant.

You may offer "Buffalo's Café" or "Hurricane Gill & Wings ®" menu items only if you add a co-branded restaurant with our consent, by purchasing a "Buffalo's Café" or "Hurricane Gill & Wings ®" franchise, as applicable from BFCI or HAMT and executing a Co-brand Addendum (Exhibit B-1).

We do not restrict the type of customer you may service.

**Item 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

This tables lists certain important provisions of the Franchise Agreement. You should read these provisions in the agreement attached to this disclosure document.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Term of the franchise	Section 2.1	15 years
b.	Renewal or extension of the term	Section 2.2	2 ten-year renewals if you are in good standing. The weekly royalty fee and advertising fund contributions for each renewal will be at the rates then applicable to new franchisees.
c.	Requirements for you to renew or extend	Sections 2.2 and 2.3	<p>Although we use the term “renewal” to refer to extending our franchise relationship at the end of your initial term (and any other renewal or extension of the initial term), you must at our option sign a new Franchise Agreement or Area Development Agreement with materially different terms and conditions than your original contract, as described in more detail below.</p> <p>You must continue to be in good standing; sign our then-current franchise agreement and pay a renewal fee equal to 40% of the then-current initial franchise fee; sign a general release (Exhibit K); give required notice; renovate Restaurant premises; have timely met monetary obligations during term of franchise agreement; have right to remain in premises or have obtained our approval of a new location and lease for the Restaurant; comply with qualification and training requirements current at time of renewal.</p>
d.	Termination by you	Section 13.6	You may terminate only if we do not cure a material default within 60 days after written notice from you

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
e.	Termination by Elevation Burger without cause	Not Applicable	Not Applicable.
f.	Termination by Elevation Burger with cause	Section 13.1, 13.2 and 13.5	We can terminate if you materially default under your Franchise Agreement, any other individual Franchise Agreement, or any Area Development Agreement or Multi-Unit Restaurant Agreement (other than solely for your failure to meet your development obligation), or any other agreement between you and us or our affiliate.
g.	“Cause” defined – defaults which can be cured	Section 13.3	You have 5 days to pay any monies due; you have 10 days to cure your failure to comply with requirements of the franchise agreement
h.	“Cause” defined – defaults which cannot be cured	Sections 13.1 and 13.2	Termination is immediate for insolvency, filing for bankruptcy, receiver or custodian is appointed, final judgment is unsatisfied, you are dissolved, if execution is levied against your property, if suit is filed to foreclose on lien against premises or equipment or if the real or personal property of the Restaurant will be sold after levy. Immediate termination upon receipt of notice for: failure to open Restaurant within 180 days after date of franchise agreement; you abandon the Restaurant; you (or your principal) is convicted of a felony, crime involving moral turpitude or offense we think will have an adverse impact on us; there is not an approved transfer within a reasonable time after your death or mental incapacity; you divulge contents of the manuals or other confidential information; operation of the Restaurant poses a threat to public safety; unapproved transfer; unauthorized use of our trademarks; use of a confusingly similar name; your failure to comply with non-compete provisions; you fail to have your personnel sign an agreement containing covenants not to compete and not to harm our business; you maintain

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			false books and records or submit false reports; you do not perform your obligations under the lease; you or any of your managers or assistant managers fail to satisfactorily complete training; you fail to correct any unsatisfactory conditions at the Restaurant immediately after we advise you of them and repeated failure to comply with franchise agreement and manuals provisions, whether or not cured after notice.
i.	Your obligations on termination/non-renewal	Section 14	Obligations include de-identification, payment of amounts due, assignment of lease, cease operating the franchise business, cease using confidential methods and procedures and cease using our trademarks, cancel any assumed name registration, refrain from using any similar trademark, pay all amounts due to us, pay us all damages and costs (including attorney's fees) we incur to enforce the provisions of the franchise agreement, deliver all manuals and similar materials to us, assign to us all of your business telephone numbers. Also see (o) and l.
j.	Assignment of contract by Elevation Burger	Section 12.1	We may assign the agreement in whole or in part to any other party
k.	"Transfer" by you – definition	Section 12.2	Includes transfer of any interest in franchise agreement, or interests in you or in the restaurant
l.	Elevation Burger's approval of transfer by franchisee	Section 12.2	Subject to our approval which will not be unreasonably withheld
m.	Conditions for Elevation Burger approval of transfer	Section 12.2.3	Transferee qualifies and signs new agreement, you pay transfer fee, sign release (Exhibit K), upgrade Restaurant, if necessary, you pay all amounts due, you are not in default, your right to receive payment from transferee is subordinate to our rights, the assignee meets our qualifications, you (and your owners) and

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			<p>the transferee (and their owners) sign a guaranty, you agree to remain liable for obligations before the transfer and the transferee, its operating partner, if any, and manager successfully complete our training program.</p> <p>If the Franchise Agreement has been executed pursuant to an Area Development Agreement, you must concurrently assign all other existing Franchise Agreements executed pursuant thereto to the same assignee</p>
n.	Elevation Burger's right of first refusal to acquire your business	Section 12.4	We can match any offer
o.	Elevation Burger's option to purchase your business	Section 14.9	We have the option to purchase your furnishings, equipment, fixtures, supplies or inventory for 30 days after termination or expiration
p.	Your death or disability	Section 12.5	Must assign by estate to approved buyer within 6 months
q.	Non-competition covenants during the term of the franchise	Sections 15.1 and 15.2	No solicitation of our customers or employees; no competitive business at any location whether within or outside your protected area
r.	Non-Competition covenants after the franchise is terminated or expires	Section 15.3	Neither you nor your immediate family, shareholder (other owner), officer, director or partner and affiliates may engage in competitive business for 2 years within 5 miles of the location of your Restaurant or any other Elevation Burger restaurant operated or intended to be operated under the Marks.
s.	Modification of the agreement	Section 20	Except for changes we can make, no amendment without mutual written consent
t.	Integration/merger clause	Section 25	Only terms of Franchise Agreement are binding (subject to state law). Any representations or promises outside of the

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			disclosure document and franchise agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 21	Subject to state law, except for certain claims, all disputes must be arbitrated in county in which our headquarters are located (currently Los Angeles, California)
v.	Choice of forum	Section 21	Subject to state law, arbitration in the county in which our headquarters is located (currently Los Angeles, California)
w.	Choice of law	Section 21	California; if a provision is unenforceable under California law, then laws of the state in which the Restaurant is located apply to that provision.  Any dispute between the parties must be brought or instituted within 1 year from the date of discovery of the conduct or event that is the basis of the legal action or proceeding.

### **Multi-Unit Restaurant Agreement**

**This table lists important provisions of the Multi-Unit Restaurant Agreement. You should read these provisions in the agreement attached to this disclosure document.**

	<b>Provision</b>	<b>Section in Multi-Unit Restaurant Agreement</b>	<b>Summary</b>
a.	Term of the franchise	Section 4.1	Typically 5 years or when you sign a Franchise Agreement for your last Restaurant necessary to satisfy your Development Obligations on Exhibit B, whichever is earlier.
b.	Renewal or extension of the term	Not Applicable	Not Applicable
c.	Requirements for you to renew or extend	Not Applicable	Not Applicable
d.	Termination by you	Not Applicable	Not Applicable

	<b>Provision</b>	<b>Section in Multi-Unit Restaurant Agreement</b>	<b>Summary</b>
e.	Termination by Elevation Burger without cause	Not Applicable	Not Applicable
f.	Termination by Elevation Burger with cause	Section 8	We may terminate if you default under the Multi-Unit Restaurant Agreement, any Franchise Agreement or any other agreement between you and Elevation Burger.
g.	“Cause” defined – defaults which can be cured	Section 8.1	You have 5 days to cure a failure to pay fees. You have 20 days to cure other defaults (except as described in paragraph h below, and provided that in the case of a breach or default in the performance of your obligations under any Franchise or other agreement between you and Elevation Burger, the notice and cure provisions of the Franchise Agreement or other Agreement will prevail).
h.	“Cause” defined – defaults which cannot be cured	Section 8.1(b)	The following events of default are not curable: any sub-franchising by you, any unapproved assignment or attempted assignment by you, your failure to satisfy the Development Obligation for two consecutive Development Periods, your failure to pay any fee in a timely manner as required by the agreement, your opening of a Restaurant not in accordance with the procedures detailed in the agreement, your default under any other agreement with Elevation Burger, subject to notice and cure provisions in the other agreement.
i.	Your obligations on termination/non-renewal	Section 4.3	You will have no further right to develop or operate additional Elevation Burger Restaurants which are not, at the time of termination, the subject of a then existing Franchise Agreement between you and Elevation Burger. You may continue to own and operate all Elevation Burger Restaurants pursuant to then-existing Franchise Agreements,
j.	Assignment of contract by Elevation Burger	Section 7.1	No restriction on our right to assign.

	<b>Provision</b>	<b>Section in Multi-Unit Restaurant Agreement</b>	<b>Summary</b>
k.	“Transfer” by you – definition	Section 7.3	Includes transfer of the agreement, changes in ownership of the entity which owns it.
l.	Elevation Burger's approval of transfer by you	Section 7.3	Transfers require our express written consent, which may be withheld for any reason whatsoever, in our sole and absolute discretion.
m.	Conditions for Elevation Burger's approval of transfer	Not Applicable	Not Applicable
n.	Elevation Burger's right of first refusal to acquire the business	Not Applicable	Not Applicable
o.	Elevation Burger's option to purchase the business	Not Applicable	Not Applicable
p.	Your death or disability	Section 7.3	Same as (l) above.
q.	Non-competition covenants during the term of the agreement	Section 9.2	You may not conduct any business other than the business of the Multi-Unit Restaurant Agreement and any Franchise Agreement between you and Elevation Burger
r.	Non-competition covenants after the agreement is terminated or expires	Section 9.2	2 years. You may not open, operate, advise, or have a financial interest in any restaurant that is the same or is similar to an Elevation Burger Restaurant, without our express written consent.
s.	Modification of the agreement	Section 10.10	Modifications must be in writing and signed by you and Elevation Burger.
t.	Integration/merger clause	Section 10.10	The Agreement and its exhibits contain the entire agreement of the parties (subject to state law). Any representations or promises outside of the disclosure document and multi-unit restaurant agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 10.9	Subject to state law, except for certain specific claims, all disputes are subject to arbitration in location of Elevation Burger's headquarters (presently Los Angeles, California).



	<b>Provision</b>	<b>Section in Multi-Unit Restaurant Agreement</b>	<b>Summary</b>
v.	Choice of forum	Section 10.9	Subject to state law, arbitration in the county in which our headquarters is located (currently Los Angeles, California)
w.	Choice of law	Section 10.8	California law governs, except with respect to Non-Competition Covenants.

### **Management Agreement**

**This table lists important provisions of the Management Agreement. You should read these provisions in the agreement attached to this disclosure document.**

	<b>Provision</b>	<b>Section in Management Agreement</b>	<b>Summary</b>
a.	Term of the franchise	Section 6.1	One year
b.	Renewal or extension of the term	Section 6.1	Automatic renewal for each subsequent 12 months
c.	Requirements for you to renew or extend	Section 6.1	None
d.	Termination by you	Sections 6.1 and 6.2	After the first year, you can terminate by giving at least 90 days' notice; you can also terminate upon our (or our affiliate's) material default (if we (or our affiliate) do not cure after 30 days' notice), if we (or our affiliate) make a general assignment for the benefit of creditors, if we (or our affiliate) are in bankruptcy or if we (or our affiliate) become insolvent or legally incapacitated.
e.	Termination by Elevation Burger (or its affiliate) without cause	Section 6.1	After the first year, we (or our affiliate) can terminate the Management Agreement at any time on at least 90 days' notice.
f.	Termination by Elevation Burger (or its affiliate) with cause	Section 6.3	We (or our affiliate) may terminate you if you are in default of the Management Agreement or upon the occurrence of certain events.
g.	"Cause" defined – defaults which can be cured	Section 6.3(a)	You have 10 days to pay any money due; you have 30 days to cure your material default.
h.	"Cause" defined – defaults which cannot be cured	Sections 6.3(b)-6.3(g)	We (or our affiliate) can terminate immediately if you make a general assignment for the benefit of creditors, if

	<b>Provision</b>	<b>Section in Management Agreement</b>	<b>Summary</b>
			you are in bankruptcy, if you become insolvent or legally incapacitated, if we terminate the Franchise Agreement, if you transfer or engage in an assignment of the restaurant or the franchise agreement, or upon the sale or other transfer or all or substantially all of your assets.
i.	Your obligations on termination/non-renewal	Section 6.4	If the Franchise Agreement is still in effect, you must continue to comply with it including your obligation to employ a trained manager to operate the Restaurant.
j.	Assignment of contract by Elevation Burger (or our affiliate)	Sections 1.2 and 7.2	We (or our affiliate) may delegate our obligations to others; no restriction on our right to assign
k.	"Transfer" by you-definition	Section 7.2	Assignment of Agreement or rights, benefits or obligations under Agreement.
l.	Elevation Burger's (or our affiliate's) approval of transfer by franchise	Section 7.2	Requires our (or our affiliate's) express written consent.
m.	Conditions for Elevation Burger (or our affiliate) approval of transfer	Not Applicable	If you transfer, we (or our affiliate) may terminate this Agreement.
n.	Elevation Burger's (or our affiliate's) right of first refusal to acquire your business	Not Applicable	Not Applicable
o.	Elevation Burger's option to purchase your business	Not Applicable	Not Applicable
p.	Your death or disability	Not Applicable	Not Applicable
q.	Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable
r.	Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable

	<b>Provision</b>	<b>Section in Management Agreement</b>	<b>Summary</b>
s.	Modification of the Agreement	Section 7.12	No amendment unless signed by us (or our affiliate).
t.	Integration/Merger clause	Section 7.11	Only terms of Management Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and management agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 7.16	Subject to state law, all disputes must be arbitrated in Los Angeles County, California.
v.	Choice of Forum	Section 7.16	Subject to state law, arbitration in Los Angeles County, California.
w.	Choice of law	Section 7.10	California law applies.

**LLC Operating Agreement**

This table lists important provisions of the LLC Operating Agreement. You should read these provisions in the agreement attached to this disclosure document. This section only applies if you are entering into an LLC Operating Agreement with Elevation Burger or an affiliate of Elevation Burger.

	<b>Provision</b>	<b>Section in LLC Operating Agreement</b>	<b>Summary</b>
a.	Term of the franchise	Section 1.5, Article 8	Perpetual, unless earlier dissolved.
b.	Renewal or extension of the term	Not Applicable	Not Applicable
c.	Requirements for you to renew or extend	Not Applicable	Not Applicable
d.	Termination by you	Article 8	The LLC Operating Agreement can only be terminated by the affirmative vote or consent of the manager and all of the members.
e.	Termination by Elevation Burger (or its affiliate) without cause	Not Applicable	Not Applicable
f.	Termination by Elevation Burger (or Parent) with cause	Section 8.1	The LLC Operating Agreement can be terminated on the sale, transfer or other

	<b>Provision</b>	<b>Section in LLC Operating Agreement</b>	<b>Summary</b>
			disposition of all or substantially all of the LLC's assets.
g.	"Cause" defined – defaults which can be cured	Not Applicable	Not Applicable
h.	"Cause" defined – defaults which cannot be cured	Section 10.1	The LLC Operating Agreement can be terminated on the sale, transfer or other disposition of all or substantially all of the LLC's assets.
i.	Your obligations on termination/non-renewal	Sections 8.2 and 8.3	The manager shall wind up the affairs of the LLC (pay all debts and distribute or liquidate remaining assets to the members)
j.	Assignment of contract by Elevation Burger (or its affiliate)	Section 3.2; Article 9	We (or our affiliate) may sell, assign, pledge, encumber, award, confirm or otherwise transfer an interest in the LLC only with the approval of the manager of the LLC and more than 75% of the percentage interests
k.	"Transfer" by you- definition	Section 3.2; Article 9	You may sell, assign, pledge, encumber, award, confirm or otherwise transfer an interest in the LLC only with the approval of the manager of the LLC and more than 75% of the percentage interests
l.	Elevation Burger's (or its affiliate's) approval of transfer by franchise	Section 3.2; Article 9	Requires the express written consent of the manager of the LLC and more than 75% of the percentage interests
m.	Conditions for Elevation Burger (or its affiliate's) approval of transfer	Section 3.2; Article 9	If you transfer without consent and approval of the manager of the LLC the transfer will be invalid.
n.	Elevation Burger's (or its affiliate's) right of first refusal to acquire your business	Section 9.3	If a member of the LLC desires to sell, assign or otherwise transfer any of their "units" in the LLC, they must first offer them to the other members.
o.	Elevation Burger's (or our affiliate's) option to purchase your business	Not Applicable	Not Applicable
p.	Your death or disability	Not Applicable	Not Applicable

	<b>Provision</b>	<b>Section in LLC Operating Agreement</b>	<b>Summary</b>
q.	Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable
r.	Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s.	Modification of the Agreement	Section 11.3	No amendment unless signed by all members (but additional members may be admitted with the consent of more than 75% of the percentage interests).
t.	Integration/Merger clause	Section 11.11	Only terms of LLC Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and LLC agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 11.2	Subject to state law, all disputes must be arbitrated in Los Angeles County California.
v.	Choice of Forum	Section 11.2	Subject to state law, arbitration in Los Angeles County, California.
w.	Choice of law	Section 11.2	Delaware law applies.

Please refer to the State Specific addenda in Schedule 2 for any changes or additional provisions that apply in your state.

**Item 18**  
**PUBLIC FIGURES**

Elevation Burger does not use any public figure to promote its franchise. A number of franchises are owned by public figures who promote their individual restaurants and the Elevation Burger brand in general; however, these individuals do not receive compensation from Elevation Burger for this promotion.

**Item 19**  
**FINANCIAL PERFORMANCE REPRESENTATION**

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

The tables below list selected historical and unaudited financial and operating data for 12 U.S. franchised Restaurants for January 1, 2022 to December 25, 2022. The following Restaurants are not included in the data: (1) 22 international locations, including Canada, and (3) 2 franchised Restaurants that did not report sales and cost information.

**Selected Financial & Operating Data for Elevation Burger Restaurants**

Description	Units	Amount	# >= Amount	% >= Amount
Total Net Sales	12	\$9,370,222		
Average Net Sales	12	\$780,852	9	75.00%
Median Net Sales	12	\$876,976		
Average Net Sales - Free-Standing	1	\$350,394	1	100.00%
Median Net Sales - Free-Standing	1	\$350,394		
Average Net Sales - Other	2	\$584,791	1	50.00%
Median Net Sales - Other	2	\$584,791		
Average Net Sales - In-Line	4	\$842,961	1	25.00%
Median Net Sales - In-Line	4	\$813,771		
Average Net Sales - End-Cap	5	\$895,680	1	20.00%
Median Net Sales - End-Cap	5	\$887,393		
Average Net Sales - In-Line & End-Cap	9	\$872,250	6	66.67%
Median Net Sales - In-Line & End-Cap	9	\$876,976		

Description	Units	Min	Max
Total	12	\$292,404	\$1,048,049
Free Standing	1	\$350,394	\$350,394
Other	2	\$292,404	\$877,177
In-Line	4	\$696,254	\$1,048,049
End-Cap	5	\$876,976	\$949,663
In-Line & End-Cap	9	\$696,254	\$1,048,049

Free-standing restaurants refer to those that are not located in a mall. In-line and end cap restaurants are located in strip malls: in-line restaurants have other businesses located on either side and end cap restaurants are located at the end of the strip mall.

Range of Net Sales	Units	Min	Max
Under \$299,999	1	\$292,404	\$292,404
\$300,000 to \$499,999	1	\$350,394	\$350,394
\$500,000 to \$699,999	1	\$696,254	\$696,254
\$700,000 to \$899,999	7	\$809,181	\$887,393
\$900,000 to \$999,999	1	\$949,663	\$949,663
Over \$1,000,000	1	\$1,048,049	\$1,048,049

Description	Units	Amount	# <=	%<=
Average Food Cost % (including beverage & paper)	12	30.85%	8	66.67%
Median Food Cost % (including beverage & paper)	12	29.75%	6	50.00%
Average Labor Cost % (including salaries, wages, insurance, workers compensation and employee meals)	12	29.77%	7	58.33%
Median Labor Cost % (including salaries, wages, insurance, workers compensation and employee meals)	12	29.22%	6	50.00%

The information presented regarding past operating results for restaurants is not a full profit and loss or income statement (or statement of cash flows), omits all operating costs and expenses related to operation of a restaurant except food, paper and store level labor, and has not been audited and does not meet standards generally applicable to audited financial statements. In addition, historical costs may not apply to your operations. The costs (including transportation) of food and paper goods are likely to be higher in more remote markets where there are fewer or no pre-existing Elevation Burger restaurants. Further, sales in markets in which we have no prior brand recognition are likely to be lower than markets in which we are well known. Also, it's possible that future requirements by us (e.g. upgrading of a restaurant, new operational standards and requirements, etc.) or market-driven, competitive or other changes may affect your revenues and/or increase your costs over those which applied in the past.

**Some outlets have earned these amounts. Your individual results may differ. There is no assurance that you'll earn as much.**

The information presented is based on unaudited internal financial statements prepared by franchisees and by us for corporate restaurants using a cash basis of accounting. With respect to information presented for franchised restaurants, we are relying upon information included in royalty reports and other unaudited financial reports provided to us by our franchisees. We have not audited this information nor have we otherwise verified its accuracy.

Some factors that can affect results (and may be reasons why your results may differ from those reported above), include the location or market in which a Restaurant operates, the

Restaurant's size, product or service mix, labor and other costs, as well as existing and potential competition. Your background, skills and qualifications may be different from those of our existing Franchisees. You should consider all of these (and other) factors and determine if the Restaurants whose results are reported are really comparable to the Restaurant that may be operated by you.

For many Restaurants, location can be an important factor affecting results, particularly with respect to demographics, competition and general economic conditions. It is possible that the character of existing Restaurant locations may be different than where you plan to do business. Location, competition and other factors may change over time and this could have an effect (positive or negative) on your results in the future. You should, before making any investment decision, carefully examine any location you might choose, together with the surrounding area, including an analysis of existing and potential competition, research the need in the proposed area of operation for a fast casual restaurant, as well as other characteristics of the area.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Warren Christiansen at 9720 Wilshire Boulevard Suite 500 Beverly Hills, California 90212, (310) 319-1850, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.**

**Item 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**  
**System-Wide Outlet Summary**  
**For Years 2020 to 2022**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
Franchised	2020	44	41	-3
	2021	41	32	-9
	2022	32	36	+4
Affiliate-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
<b>Total Outlets</b>	<b>2020</b>	<b>44</b>	<b>41</b>	<b>-3</b>
	<b>2021</b>	<b>41</b>	<b>32</b>	<b>-9</b>
	<b>2022</b>	<b>32</b>	<b>36</b>	<b>+4</b>



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

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
<b>Total</b>	<b>2020</b>	<b>0</b>
	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>0</b>

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

<b>Column 1 State</b>	<b>Col. 2 Year</b>	<b>Col. 3 Outlets at Start of Year</b>	<b>Col. 4 Outlets Opened</b>	<b>Col. 5 Termin- ation s</b>	<b>Col. 6 Non- Renewals</b>	<b>Col. 7 Reacquired by Company</b>	<b>Col. 8 Ceased Opera- tions – Other Reason s</b>	<b>Col. 9 Outlets at End of the Year</b>
Florida	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Maine	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	1	2
	2022	2	0	0	0	0	0	2
Maryland	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	2	3
	2022	3	0	0	0	0	0	3
Michigan	2020	2	0	0	0	0	2	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
New York	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	1	2
	2022	2	0	0	0	0	0	2
Pennsylvania	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Virginia	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	2	4
	2022	4	1	0	0	0	1	4
Washington DC	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
<b>Total U.S.</b>	<b>2020</b>	<b>22</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>21</b>
	<b>2021</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>15</b>
	<b>2022</b>	<b>15</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>15</b>

Column 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termination s	Col. 6 Non- Renewals	Col. 7 Reacquired by Company	Col. 8 Ceased Operations – Other Reason s	Col. 9 Outlets at End of the Year
Bahrain	2020	5	0	0	0	0	1	4
	2021	4	0	0	0	0	3	1
	2022	1	0	0	0	0	1	0
Canada	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Kuwait	2020	13	0	0	0	0	0	13
	2021	13	0	0	0	0	0	13
	2022	13	5	0	0	0	0	18
Qatar	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Int'l Totals	2020	22	0	0	0	0	2	20
	2021	20	0	0	0	0	3	17
	2022	17	5	0	0	0	1	21
Totals	2020	44	2	0	0	0	4	41
	2021	41	0	0	0	0	9	32
	2022	32	6	0	0	0	2	36

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

Column 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
<b>Total</b>	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

**Table No. 5  
Projected Openings for the Period Ending December 31, 2023**

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened as of 12/30/22	Column 3 Projected New Franchise Outlet in Fiscal Year Ending 12/31/23	Column 4 Projected New Affiliate-Owned Outlet in Fiscal Year Ending 12/31/23
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

Exhibit D lists the name of all current franchisees and the addresses and telephone numbers of their Restaurants, as of the date of our most recently completed fiscal year end.

Exhibit D also lists the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of each franchisee whose Elevation Burger franchise was terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under their franchise agreement during 2022, or who has not communicated with Elevation Burger during the past ten weeks. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We have entered into agreements with franchisees containing confidentiality clauses within the last 3 fiscal years. The term “confidentiality clauses,” in this item, refers to any contract, order or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with a prospective franchisee.

## **Item 21** **FINANCIAL STATEMENTS**

Attached as Exhibit A are our audited financial statements for the fiscal years ended December 27, 2020, December 26, 2021 and December 25, 2022.

## **Item 22** **CONTRACTS**

The following agreements are attached as exhibits to this franchise disclosure document:

<b><u>Exhibit</u></b>	<b><u>Description</u></b>
B	Franchise Agreement and Addenda
B-1	Co-brand Addendum to Franchise Agreement
B-2	SBA Addendum to Franchise Agreement
B-3	Cookie Equipment Lease
C	Guaranty, Indemnification and Acknowledgment
E	Multi-Unit Restaurant Agreement
F	Confidentiality and Non-Competition Agreement
G	Limited Liability Company Operating Agreement
H	Lease Assignment
J	Management Agreement
K	General Release

<b><u>Exhibit</u></b>	<b><u>Description</u></b>
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L	Brand Technology System Support Services Agreement
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**Item 23**  
**RECEIPT**

The last two pages of this franchise disclosure document (following the exhibits and attachments) are documents acknowledging your receipt of this franchise disclosure document (one copy for your records and one to be signed by you and returned to us).

**EXHIBIT A**  
**Financial Statements**

# **EB Franchises, LLC and Subsidiaries**

## Financial Report

For the Years Ended December 25, 2022, December 26, 2021 and December 27, 2020

## **Independent Auditors' Report**

To the Board of Directors and Member of  
EB Franchises, LLC and Subsidiaries

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of EB Franchises, LLC and Subsidiaries (the “Company”), which comprise the consolidated balance sheets as of December 25, 2022 and December 26, 2021, and the related consolidated statements of operations, changes in member’s equity and cash flows for the years ended December 25, 2022; December 26, 2021; and December 27, 2020; and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 25, 2022 and December 26, 2021, and the results of its operations and its cash flows for the years ended December 25, 2022; December 26, 2021; and December 27, 2020 in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the 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 the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### *Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if 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 GAAS, 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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

**BAKER TILLY US, LLP**

*Baker Tilly US, LLP*

Los Angeles, California  
April 3, 2023



EB FRANCHISES, LLC AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	<b>December 25, 2022</b>	<b>December 26, 2021</b>
<b>Assets</b>		
Current assets		
Cash	\$ 7,344	\$ 52,089
Accounts receivable, net	231,343	190,933
Other current assets	221,099	10,426
Total current assets	459,786	253,448
Due from affiliates		
	—	566,349
Other intangible assets, net	5,382,091	5,880,396
Goodwill	521,032	521,032
Other non-current assets	237,192	288,591
Total assets	\$ 6,600,101	\$ 7,509,814
<b>Liabilities and Member's Equity</b>		
Current liabilities		
Accounts payable	\$ 441,114	\$ 448,841
Accrued expenses	—	203,668
Accrued advertising	—	33,477
Deferred income, current portion	61,366	35,903
Total current liabilities	502,480	721,889
Due to affiliates	617,336	—
Deferred income, net of current portion	1,188,759	1,099,406
Total liabilities	2,308,575	1,821,295
Commitments and contingencies (Note 6)		
Member's equity	4,291,526	5,688,520
Total liabilities and member's equity	\$ 6,600,101	\$ 7,509,814

The accompanying notes are an integral part of these audited consolidated financial statements.

EB FRANCHISES, LLC AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

**Fiscal Years Ended**

	<b>December 25, 2022</b>	<b>December 26, 2021</b>	<b>December 27, 2020</b>
<b>Revenues</b>			
Royalties	\$ 1,628,920	\$ 1,723,639	\$ 1,364,617
Franchise fees	57,572	131,631	79,655
Advertising fees	163,554	183,520	188,813
Other revenue	—	682	—
Total revenues	<u>1,850,046</u>	<u>2,039,472</u>	<u>1,633,085</u>
<b>Expenses</b>			
Advertising expense	240,558	183,521	188,813
General and administrative	3,006,482	2,421,524	2,036,856
Total expenses	<u>3,247,040</u>	<u>2,605,045</u>	<u>2,225,669</u>
Loss before income tax expense	(1,396,994)	(565,572)	(592,584)
Income tax expense	—	140,038	167,232
Net loss	<u>\$ (1,396,994)</u>	<u>\$ (705,610)</u>	<u>\$ (759,816)</u>

The accompanying notes are an integral part of these audited consolidated financial statements.

EB FRANCHISES, LLC AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY

	Fiscal Years Ended		
	December 25, 2022	December 26, 2021	December 27, 2020
Beginning balance	\$ 5,688,520	\$ 6,394,130	\$ 7,153,946
Net loss	(1,396,994)	(705,610)	(759,816)
Ending balance	\$ 4,291,526	\$ 5,688,520	\$ 6,394,130

The accompanying notes are an integral part of these audited consolidated financial statements.

EB FRANCHISES, LLC AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

**Fiscal Years Ended**

	<b>December 25, 2022</b>	<b>December 26, 2021</b>	<b>December 27, 2020</b>
<b>Cash Flows From Operating Activities</b>			
Net loss	\$ (1,396,994)	\$ (705,610)	\$ (759,816)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Deferred income taxes	—	—	166,178
Depreciation and amortization	515,322	510,302	507,841
Provision for bad debts	50,498	5,250	136,120
Change in operating right-of-use assets	—	—	129,315
Changes in operating assets and liabilities:			
Accounts receivable	(107,927)	(67,283)	(97,053)
Other current and non-current assets	(159,273)	56,721	20,579
Accounts payable	(7,727)	126,023	229,059
Accrued expenses	(203,668)	51,373	(90,941)
Deferred income	114,816	422,250	(54,963)
Accrued advertising	(33,477)	(68,177)	55,354
Total adjustments	<u>168,564</u>	<u>1,036,459</u>	<u>1,001,489</u>
Net cash (used in) provided by operating activities	<u>(1,228,430)</u>	<u>330,849</u>	<u>241,673</u>
<b>Cash Flows From Investing Activities</b>			
Change in due from affiliates	566,349	(304,909)	(85,747)
Net cash provided by (used in) investing activities	<u>566,349</u>	<u>(304,909)</u>	<u>(85,747)</u>
<b>Cash Flows From Financing Activities</b>			
Change in due to affiliate	617,336	—	—
Change in operating lease liabilities	—	—	(129,777)
Net cash used in financing activities	<u>617,336</u>	<u>—</u>	<u>(129,777)</u>
Net change in cash	(44,745)	25,940	26,149
Cash, beginning of period	52,089	26,149	—
Cash, end of period	<u>\$ 7,344</u>	<u>\$ 52,089</u>	<u>\$ 26,149</u>
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid for income taxes	<u>\$ 4,654</u>	<u>\$ 140,038</u>	<u>\$ —</u>

The accompanying notes are an integral part of these audited consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1. ORGANIZATION AND RELATIONSHIPS

#### *Organization and Nature of Business*

EB Franchises, LLC and Subsidiaries, a Delaware limited liability corporation (the “Company”), was formed on April 24, 2019 as a wholly-owned subsidiary of Elevation Franchise Ventures, LLC, a Delaware limited liability company (“EFV”).

On June 19, 2019, the Company was acquired by FAT Brands Inc. (“FAT”) and is currently a wholly-owned subsidiary of FAT Brands Royalty I, LLC (“FB Royalty”), a subsidiary of FAT Brands Inc. FAT is a multi-brand restaurant franchising company that develops, markets, and acquires predominantly fast casual restaurant concepts around the world.

Elevation Burger is a fast-casual burger, fries, and shakes chain that provides its customers with healthier, “elevated” food options. Serving grass-fed beef, organic chicken, and french fries cooked using a proprietary olive oil-based frying method, Elevation maintains environmentally-friendly operating practices including responsible sourcing of ingredients, robust recycling programs intended to reduce carbon footprint, and store décor constructed of eco-friendly materials.

The Company franchises and licenses the right to use the Elevation Burger name, operating procedures and method of merchandising to franchisees. Upon signing a franchise agreement, the Company is committed to provide training, some supervision and assistance, and access to Operations Manuals. As needed, the Company will also provide advice and written materials concerning techniques of managing and operating the restaurants. The franchises are operated under the name “Elevation Burger.”

As of December 25, 2022, there were 36 franchise restaurant locations operated by third parties in 6 states and District of Columbia and 3 countries compared to December 26, 2021 when there were 37 franchise restaurant locations operated by third parties in 5 states and 4 countries (the “Franchisees”).

#### COVID-19

The outbreak of the COVID-19 pandemic in March 2020 had a number of adverse effects on our business and that of our franchisees, including temporary and permanent closures of restaurant locations, reduced or modified store operating hours, difficulties in staffing restaurants and supply chain disruptions. While the disruptions to our business from the COVID-19 pandemic have mostly subsided, the resurgence of COVID-19 or its variants, as well as an outbreak of other widespread health epidemics or pandemics, could cause a closure of restaurants and disrupt our operations and have a material adverse effect on our business, financial condition and results of operations.

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations:** The Company operates on a 52-week calendar and its fiscal year ends on the last Sunday of the calendar year. Consistent with industry practice, the Company measures its stores’ performance based upon 7-day work weeks. Using the 52-week cycle ensures consistent weekly reporting for operations and ensures that each week has the same days, since certain days are more profitable than others. The use of this fiscal year means a 53rd week is added to the fiscal year every 5 or 6 years, as will be the case in fiscal year 2023. In a 52-week year, all four quarters are comprised of 13 weeks. In a 53-week year, one extra week is added to the fourth quarter. Fiscal years 2022, 2021 and 2020 were 52-week years.

**Use of Estimates in the Preparation of the Consolidated Financial Statements:** The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) 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 period. Significant estimates include the determination of fair values of goodwill and other intangible assets, the allocation of basis between assets acquired, sold or retained, and allowances for uncollectible notes receivable and accounts

receivable. Estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Accounts Receivable:** Accounts receivable are recorded at the invoiced amount and are stated net of an allowance for doubtful accounts. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in existing accounts receivable. The allowance is based on historical collection data and current franchisee information. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

The Company recorded allowance for doubtful accounts totaling \$88,094 and \$20,579 as of December 25, 2022 and December 26, 2021, respectively.

**Credit and Depository Risks:** The Company maintains its cash accounts at financial institutions. The balances, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes its cash balances are not exposed to significant risk of loss.

**Goodwill and Other Intangible Assets:** Goodwill and other intangible assets with indefinite lives, such as trademarks, are not amortized but are reviewed for impairment annually, or more frequently if indicators arise. Franchise Agreements are amortized over their remaining useful lives.

### **Revenue Recognition:**

*Franchise Fees* - The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which includes the transfer of the franchise license. The services provided by the Company are highly interrelated with the franchise license and are considered a single performance obligation. Franchise fee revenue from the sale of individual franchises is recognized over the term of the individual franchise agreement on a straight-line basis. Unamortized non-refundable deposits collected in relation to the sale of franchises are recorded as deferred franchise fees.

The franchise fee may be adjusted from time to time at management's discretion. Deposits are non-refundable upon acceptance of the franchise application. In the event a franchisee does not comply with their development timeline for opening franchise stores, the franchise rights may be terminated, at which point the franchise fee revenue is recognized for non-refundable deposits.

*Royalties* – In addition to franchise fee revenue, the Company collects a royalty calculated as a percentage of net sales from our franchisees. Royalties are recognized as revenue when the related sales are made by the franchisees. Royalties collected in advance of sales are classified as deferred income until earned.

*Area Development Fees* – The Company has entered into several area development agreements. These agreements, among other provisions, require the Company to pay up to 50% of the franchise fee received, when a franchise is sold in a territory covered by an area development agreement. The expense of the franchise fee paid to the area developer is deferred and recognized when the related franchise fees are recognized. The Company had deferred costs of \$0.2 million and \$0.3 million as of December 25, 2022 and December 26, 2021, respectively, related to franchise fees paid to area developers for franchised locations. These deferred costs are included in other assets on the accompanying consolidated balance sheets.

*Advertising* – The Company requires advertising fee payments from franchisees based on a percent of net sales. The Company also receives, from time to time, payments from vendors that are to be used for advertising. Advertising funds collected are required to be spent for specific advertising purposes. Advertising revenue and the associated expense are recorded gross on the Company's consolidated statement of operations. Assets and liabilities associated with the related advertising fees are reflected in the Company's consolidated balance sheets.

**Income Taxes:** Prior to December 24, 2020, FAT was a party to a Tax Sharing Agreement with its then parent company, Fog Cutter Capital Group Inc. ("FCCG"), which provided that FCCG would, to the extent permitted by applicable law, file consolidated federal, California and Oregon (and possibly other jurisdictions where revenue is generated, at FCCG's election) income tax returns with FAT and its subsidiaries. Under the terms of the Tax

Sharing Agreement, the Company paid FCCG the amount that its tax liability would have been had it filed a separate return. The Tax Sharing Agreement was cancelled on December 24, 2020 in connection with the completion of a merger (the "Merger") in which FCCG, together with certain of its subsidiaries, merged into a wholly owned subsidiary of FAT, resulting in FAT becoming the indirect parent of FCCG. As a result, FCCG no longer owns a controlling interest in the outstanding common stock of FAT and there is no commitment by the Company to fund any tax liability of the parent with its earnings.

While under the Tax Sharing Agreement, the Company accounted for income taxes as if it filed on a stand-alone basis using the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on the differences between financial reporting and tax reporting bases of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Realization of deferred tax assets is dependent upon future earnings, the timing and amount of which are uncertain.

**Recently Issued Accounting Standards:** In June 2016, the Financial Accounting Standards Board (the "FASB") issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326)-Measurement of Credit Losses on Financial Instruments*, and later amended the ASU in 2019, as described below. This guidance replaces the current incurred loss impairment methodology. Under the new guidance, on initial recognition and at each reporting period, an entity is required to recognize an allowance that reflects its current estimate of credit losses expected to be incurred over the life of the financial instrument based on historical experience, current conditions and reasonable and supportable forecasts.

In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates ("ASU 2019-10")*. The purpose of this amendment is to create a two-tier rollout of major updates, staggering the effective dates between larger public companies and all other entities. This granted certain classes of companies, including Smaller Reporting Companies ("SRCs"), additional time to implement major FASB standards, including ASU 2016-13. Larger public companies will have an effective date for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. All other entities are permitted to defer adoption of ASU 2016-13, and its related amendments, until fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Under the current SEC definitions, our Parent meets the definition of an SRC and is adopting the deferral period for ASU 2016-13. The guidance requires a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. The Company does not expect the adoption of this standard will have a material impact on its condensed consolidated financial statements.

In March 2022, the FASB issued ASU No. 2022-02, *Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. The purpose of this amendment is to enhance disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty. It requires that an entity disclose current-period gross write-offs by year of origination for financing receivables and net investments in leases. The amendments should be applied prospectively and are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption of the amendments is permitted if an entity has adopted the amendments in ASU 2016-13 described above, including adoption in an interim period. The Company will evaluate ASC No. 2022-02 and does not expect the adoption of this standard will have a material impact on its condensed consolidated financial statements.

### NOTE 3. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Goodwill was \$0.5 million as of December 25, 2022 and December 26, 2021.

As of December 25, 2022 and December 26, 2021 other intangible assets consisted of the following (in millions):

	2022	2021
Franchise agreements	\$ 2.5	\$ 2.5
Less: accumulated amortization	(1.8)	(1.3)
	0.7	1.2
Trademarks	4.7	4.7
Total	\$ 5.4	\$ 5.9

Amortization expense was \$0.5 million for each of the years ended December 25, 2022, December 26, 2021 and December 27, 2020. Estimated amortization expense of intangible assets with finite lives for each of the years subsequent to December 25, 2022, are as follows (in millions):

2023	\$ 0.5
2024	0.2
Total	\$ 0.7

### NOTE 4. INCOME TAXES

The Company is a single member limited liability company and is considered a disregarded entity for federal and state income tax purposes. In lieu of paying taxes at the Company level, the earnings and losses are included in the tax returns of the parent company. As a result, no provision or liability for federal or state income taxes has been included in the consolidated financial statements for the years ended December 25, 2022 and December 26, 2021, respectively.

Components of income tax expense for the fiscal years ended December 26, 2021 and December 27, 2020 are as follows (in millions):

	December 26, 2021	December 27, 2020
Current		
Federal	\$ —	\$ —
State	—	—
Foreign	0.1	—
	0.1	—
Deferred		
Federal	—	0.1
State	—	—
	—	0.2
Total income tax expense	\$ 0.1	\$ 0.2

The effective tax rate differs from the statutory rate due principally to foreign tax withholding and state income taxes.

As of December 25, 2022, the Company's annual tax filings for the prior three years are open for audit for Federal and for the prior four years for state tax agencies.



## NOTE 5. RELATED PARTY TRANSACTIONS

FAT's operations are structured in such a way that significant direct and indirect administrative functions are provided to the Company. These services include operational personnel to sell franchise rights, assist with training franchisees and assisting franchises with opening restaurants. FAT also provides executive administration and accounting services for the Company.

Management reviewed the expenses recorded at the parent companies and identified the common expenses that should be allocated to the subsidiaries. These expenses were allocated based on an estimate of management's time spent on the activities of the subsidiaries, and further allocated pro rata among the subsidiaries based on each subsidiary's respective revenues as a percentage of overall revenues of the subsidiaries.

The expenses are included in selling, general and administrative expenses on the statements of operations.

## NOTE 6. COMMITMENTS AND CONTINGENCIES

### Litigation

The Company is periodically involved in litigation in the normal course of business. The Company believes that the result of any potential litigation will not have a material adverse effect on the Company's financial condition.

### FB Royalty Securitization

On March 6, 2020, FAT completed a whole business securitization (the "Securitization") through the creation of a bankruptcy-remote issuing entity, FB Royalty, in which FB Royalty issued a total of \$80,000,000 in new notes pursuant to an asset-backed securitization (the "Securitization Notes") and indenture (the "Indenture"). Full ownership of the Company was transferred to FB Royalty to facilitate the Securitization.

On April 26, 2021 (the "Closing Date"), FB Royalty completed the issuance and sale in a private offering of three tranches of fixed rate senior secured notes (collectively, the "2021 Notes"). The 2021 Notes were issued in a securitization transaction pursuant to which substantially all of the assets held by FAT and its subsidiaries, including the Company, were pledged as collateral to secure the 2021 Notes. On the Closing Date, FAT used a portion of the net proceeds of the offering to repay in full the Securitization Notes. The 2021 Notes were issued under the Indenture, dated as of March 6, 2020, and amended and restated as of April 26, 2021.

The restrictions placed on the Company and other FB Royalty subsidiaries require that the 2021 Notes principal and interest obligations have first priority and amounts are segregated weekly to ensure appropriate funds are reserved to pay the quarterly principal and interest amounts due. The amount of weekly cash flow that exceeds the required weekly interest reserve is generally remitted to the FAT.

The FB Royalty Securitization Notes are generally secured by a security interest in substantially all the assets of FB Royalty and its subsidiaries.

## NOTE 7. GEOGRAPHIC INFORMATION AND MAJOR FRANCHISEES

Revenues by geographic area are as follows for the years ended December 25, 2022, December 26, 2021, and December 27, 2020 (in millions):

	2022	2021	2020
United States	\$ 0.8	\$ 1.1	\$ 0.9
Other countries	1.1	0.9	0.7
Total revenues	<u>\$ 1.9</u>	<u>\$ 2.0</u>	<u>\$ 1.6</u>

Revenues are shown based on the geographic location of the Company's franchisees. All of the Company's assets are located in the United States.

No single franchisee accounted for more than 10% of the Company's revenues during the years ended December 25, 2022 and December 26, 2021. One franchisee accounted for more than 10% of the Company's revenue with revenues of \$0.7 million during the year ended December 27, 2020.

**NOTE 8. SUBSEQUENT EVENTS**

Management has evaluated all events and transactions that occurred from December 25, 2022 through the date of issuance of these audited consolidated financial statements. During this period, the Company did not have any material subsequent events.

**EXHIBIT B**

**Franchise Agreement and Addenda**

**EB FRANCHISES, LLC**  
**FRANCHISE AGREEMENT**

**EB FRANCHSISES, LLC**  
**FRANCHISE AGREEMENT**  
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**EB FRANCHISES, LLC**

**FRANCHISE AGREEMENT**

THIS **FRANCHISE AGREEMENT** (“**Agreement**”) is made and entered into as of the Effective Date (as defined below), between EB FRANCHISE, LLC, a Delaware limited liability company (“**Franchisor**”) and Franchisee named below, with reference to the following facts:

**WHEREAS**, Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed and owns a distinctive system (the “**System**”) relating to the establishment and operation of restaurants for the sale of hamburgers and related products;

**WHEREAS**, the System is identified by the Proprietary Marks (as defined below);

**WHEREAS**, Franchisee desires to enter into the business of operating an Elevation Burger restaurant under the System and wishes to obtain the right to operate a franchise from Franchisor for that purpose, as well as to receive the training and other assistance provided by Franchisor in connection therewith; and

**WHEREAS**, Franchisee understands and acknowledges the importance of Franchisor’s high standards of quality, cleanliness, appearance, and service and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

**NOW, THEREFORE**, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

**1. CERTAIN TERMS AND GRANT**

1.1 Capitalized terms used in this Agreement shall have the meanings (such meanings to be applicable to the both the singular and plural forms of the term defined) set forth below or elsewhere in this Agreement and in Schedule A attached hereto and incorporated herein, unless the context otherwise requires:

“ <b>Franchisee</b> ”:					
“ <b>Accepted Location</b> ”:					
“ <b>Protected Territory</b> ”:					
“ <b>Effective Date</b> ”:	_____	,202__		“ <b>Initial Fee</b> ”:	\$50,000.
“ <b>Initial Operating Partner</b> ”:					
“ <b>Fund Percentage</b> ”:	2%	“ <b>Royalty Rate</b> ”:	6%	“ <b>Local Advertising Percentage</b> ”:	2%
“ <b>First Renewal Term</b> ”:	10 years		“ <b>Second Renewal Term</b> ”:	10 years	
“ <b>Co-Branded With</b> ”:					

1.2 Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained, the right and license, and Franchisee undertakes the obligation, to operate an Elevation Burger restaurant (the “**Restaurant**”) and to use solely in connection therewith the Proprietary Marks and the System, as they may be changed, improved, and further developed from time to time, only at the Accepted Location. Franchisee will not relocate the Restaurant without the express prior written consent of Franchisor.

1.3 Except as specifically permitted in writing by Franchisor, Franchisee shall not sublicense, sublease, subcontract or enter any management agreement providing for, the right to operate the Restaurant at the Accepted Location or to use the System licensed pursuant to this Agreement.

1.4 1.4 During the Term, neither Franchisor nor any Affiliate of Franchisor shall open or operate any Traditional Restaurant, nor license others to do so, within the Protected Territory; provided, however, that for the avoidance of doubt the delivery of any goods, products or services by Franchisor, any Affiliate of Franchisor or any other licensee directly or indirectly, including through delivery services, shall not violate or be a breach of this Section.

1.5 Except to the limited extent expressly provided in **Section 1.4**, the license granted to the Franchisee under this Agreement is nonexclusive and Franchisor expressly reserves all other rights including, the exclusive, unrestricted right, in its discretion, directly and indirectly, itself and through its employees, Affiliates, representatives, franchisees, licensees, assigns, agents and others:

1.5.1 to own or operate, and to license others (which may include its Affiliates) to own or operate (i) restaurants under the Proprietary Marks (or any of them) at any location outside the Protected Territory, (ii) restaurants and other facilities under the Proprietary Marks (or any of them) at Non-Traditional Venues at any location, and of any type whatsoever, within or outside the Protected Territory, and regardless of proximity to the Restaurant developed pursuant hereto; (iii) facilities offering catering services and mobile units designed to service special events within and outside the Protected Territory, and (iv) restaurants and other systems operating under names other than “ELEVATION BURGER” or the other Proprietary Marks, at any location, and of any type whatsoever, within or outside the Protected Territory and regardless of their proximity to the Restaurant developed pursuant hereto; and

1.5.2 to produce, license, distribute and market products and services under the Proprietary Marks, including food and beverage products; books; clothing; souvenirs and novelty items; through any outlet (regardless of its proximity to the Restaurant opened pursuant hereto), including grocery stores, supermarkets and convenience stores and through any distribution channel, at wholesale or retail, including by means of the Internet or Internet web site, mail order catalogs, direct mail advertising and other distribution methods; and to advertise and promote the System through any means, including the Internet.

## **2. TERM AND RENEWAL**

2.1 Except as otherwise provided herein and subject to **Section 13**, the term (“**Term**”) of this Agreement will commence on the date hereof and expire 15 years from such date.

2.2 Subject to the conditions contained in **Section 2.3**, at the expiration of the Term, Franchisee shall have the right (the “**Renewal Right**”) to enter into a new franchise agreement in the form then generally being offered to prospective Elevation Burger franchisees (the “**Renewal Franchise Agreement**”) for a period equal to the First Renewal Term, which Renewal Franchise Agreement shall likewise grant Franchisee the right to enter into one additional Renewal Franchise Agreement for a period equal to the Second Renewal Term. Franchisee acknowledges that the weekly royalty fee and advertising fund contributions payable thereunder shall be at the rates then applicable to new franchisees. The term of each Renewal Franchise Agreement shall commence upon the date of expiration of the Term hereof or the expiration of the First Renewal Term, as applicable; *provided, however*, that each Renewal Franchise Agreement shall (i) be modified to conform to the Renewal Rights granted above; (ii) provide that Franchisee must pay, in lieu of the Initial Fee, a renewal fee in an amount equal to forty percent (40%) of the then-current Initial Fee charged to new Elevation Burger franchisees, and (iii) provide that the Protected Territory provided for herein will remain the same.

2.3 Franchisee’s Renewal Right is conditioned upon Franchisee’s fulfillment of each and all of the following conditions precedent:

2.3.1 Franchisee will give Franchisor written notice (the “**Renewal Notice**”) of Franchisee’s election to renew not less than 6 months nor more than 12 months before the end of the initial term or any subsequent renewal term;

2.3.2 Franchisee will make or provide for, in a manner satisfactory to Franchisor, such renovation and modernization of the Restaurant premises as Franchisor may reasonably require, including, without limitation, renovation of signs, furnishings, fixtures, and decor, to reflect the then-current standards and image of the System; but that such renovation and modernization will not be required if Franchisee has refurbished the Restaurant, in accordance with the provisions of **Section 5.18** hereof, within the 5 years immediately preceding the end of the applicable renewal term;

2.3.3 Franchisee will not be in material default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its Affiliates; and Franchisee will have substantially complied with all the terms and conditions of such agreements during the terms thereof;

2.3.4 Franchisee will have satisfied all monetary obligations owed by Franchisee to Franchisor and its Affiliates and will have timely met those obligations throughout the term of this Agreement;

2.3.5 Franchisee will present satisfactory evidence that Franchisee has the right to remain in possession of the Accepted Location for the duration of the renewal term or, in the alternative, has prior to the expiration of the Term obtained Franchisor’s approval of a new location and lease for the Restaurant which approval Franchisor may grant or withhold in its sole discretion;

2.3.6 Franchisee will execute a general release, in a form prescribed by Franchisor, of any and all known and unknown claims against Franchisor and its Affiliates, and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities; and



2.3.7 Franchisee will comply with Franchisor's then-current qualification and training requirements.

2.4 If Applicable Law requires that Franchisor give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a week to week basis until Franchisor has given the notice required by such Applicable Law. If Franchisor is not offering new franchises, is in the process of revising, amending or renewing its form of franchise agreement or franchise disclosure document, or is not lawfully able to offer Franchisee its then-current form of franchise agreement, at the time Franchisee delivers its Renewal Notice, Franchisor may, in its discretion, (i) offer to renew this Agreement upon the same terms set forth herein for a renewal term determined in accordance with **Section 2.3**, or (ii) offer to extend the Term hereof on a week to week basis following the expiration of the Term hereof for as long as it deems necessary or appropriate so that it may lawfully offer its then-current form of franchise agreement.

### **3. DUTIES OF FRANCHISOR**

3.1 Franchisor will provide training to Franchisee as more fully described in **Section 5.8** of this Agreement.

3.2 Franchisor will provide pre-opening and post-opening supervision and assistance as more fully described in **Section 5.9** of this Agreement.

3.3 Franchisor will provide Franchisee, on loan, one copy of the Manual, as more fully described in **Section 7** hereof, unless Franchisee purchased the Restaurant from an existing franchisee or Franchisee has entered into this Agreement as a Renewal Franchise Agreement. Franchisee must pay Franchisor its then-current replacement cost for any lost Manual.

3.4 Franchisor will provide to Franchisee, from time to time as Franchisor deems appropriate, advice and written materials concerning techniques of managing and operating the Restaurant including new developments and improvements in restaurant equipment, food products, packaging, and preparation.

### **4. FEES**

4.1 Franchisor acknowledges having received from Franchisee an initial franchise fee in the amount of the Initial Fee. The Initial Fee will be deemed fully earned and non-refundable upon execution of this Agreement in consideration for, among other things, the administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to franchise others. Under no circumstances will the Initial Fee be refundable.

4.2 For each Weekly Accounting Period during the term of this Agreement, Franchisee will pay to Franchisor a continuing royalty fee in an amount equal to the Royalty Rate multiplied by the Net Sales of the Restaurant.

4.3 For each Weekly Accounting Period during the term of this Agreement, Franchisee will contribute to the advertising fund the amounts specified in **Section 10** of this Agreement.

4.4 All payments required by this **Section 4** for each Weekly Accounting Period will be paid on or before the second Tuesday following such Weekly Accounting Period and will be submitted

to Franchisor together with any reports or statements required under **Section 9. “Weekly Accounting Periods”** shall consist of the seven (7) day period ending each Sunday at midnight. Notwithstanding the above, Franchisor reserves the right to change the time when the weekly payments required by this **Section 4** must be paid by Franchisee.

4.5 In addition to all other payments provided herein, Franchisee shall pay to Franchisor, its Affiliates and designees, as applicable, promptly when due:

4.5.1 All amounts advanced by Franchisor or which Franchisor has paid, or for which Franchisor has become obligated to pay on behalf of Franchisee for any reason whatsoever.

4.5.2 The amount of all sales taxes, use taxes, personal property taxes and similar taxes, which shall be imposed upon Franchisee if, and to the extent, required to be collected or paid by Franchisor (a) on account of Franchisee’s Net Sales, or (b) on account of royalties, advertising fund contributions, or any Initial Fee collected by Franchisor from Franchisee (but excluding Franchisor’s ordinary income taxes). Franchisor, in its discretion, may collect the taxes in the same manner as royalties are collected herein and promptly pay the tax collections to the appropriate Governmental Authority; *provided, however*, that unless Franchisor so elects, it shall be Franchisee’s responsibility to pay all sales, use or other taxes now or hereinafter imposed by any Governmental Authorities on royalties, any Initial Fee, or advertising fund contributions.

4.5.3 Any amounts due on account of purchases of goods, supplies or services relating to the Restaurant.

4.6 At Franchisor’s request, Franchisee, at Franchisee’s sole cost and expense, shall instruct its bank to pay the amount of all funds required to be paid directly to Franchisor (or in the case of advertising fund contributions, to the Fund) from Franchisee’s account, by electronic funds transfer or such other automatic payment mechanism which Franchisor may designate (“**EFT**”) and upon the terms and conditions set forth in the Manuals, and promptly upon Franchisor’s request, Franchisee shall execute or re-execute and deliver to Franchisor such pre-authorized check forms and other instruments or drafts required by Franchisor’s bank, payable against Franchisee’s bank account, to enable Franchisor (or the Fund) to draw sums payable under the terms of this Agreement. If Franchisor shall designate EFT, then Franchisee shall, in addition to those terms and conditions set forth in the Manuals, maintain a single bank account for such payments and shall maintain such minimum balance in such account as Franchisor may reasonably specify from time to time. Franchisee shall not alter or close such account except upon Franchisor’s prior written approval. Any failure by Franchisee to implement such EFT system in strict accordance with Franchisor’s instructions shall constitute a material default of this Agreement. If Franchisee is delinquent more than 2 times in any continuous 12 month period during the Term in the payment of fees hereunder, or of other sums due to Franchisor, its Affiliates or to the Fund, including on account of the purchase of goods or services, or fails to report its sales on a timely basis, Franchisor may require Franchisee to implement a system prescribed by Franchisor (or the Fund) which shall permit Franchisor (or the Fund) unilaterally to estimate and draw down the amounts owed by Franchisee, which system may include EFT systems, automatic debits, use of Franchisee pre-authorized checks, other instruments or authority or any other arrangement Franchisor may prescribe. Franchisor may base its estimates of payments which are calculated based on Net Sales, on Franchisee’s historically reported Net Sales. Franchisee shall promptly implement such system in strict accordance with Franchisor’s instructions and failure to do so shall constitute a material default of this Agreement.

4.7 Any payment or report not actually received by Franchisor on or before the due date will be deemed overdue. If any payment is overdue, Franchisee will pay Franchisor, in addition to the overdue amount, interest on such amount from the date it was due until paid at the rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by Applicable Law, whichever is less, calculated on a daily basis, and a late charge of \$125 per week for each week during which such payment is not received by Franchisor. Entitlement to such interest and late charge will be in addition to any other remedies Franchisor may have.

4.8 Upon Franchisor's demand, Franchisee shall reimburse Franchisor for its direct and indirect costs (including the reasonable value of Franchisor's employees and its Affiliates employees) incurred in connection with Franchisor's review of Franchisee's proposed lease or real estate purchase agreement, up to a maximum of \$2,500, unless Franchisee has previously reimbursed Franchisor for its review of such lease or real estate purchase agreement. If Franchisor has reviewed and accepted Franchisee's lease or purchase agreement, such review and acceptance is solely for Franchisor's benefit and, is solely an indication that the lease or purchase agreement, as applicable, meets Franchisor's minimum standards and specifications at the time of acceptance. Such review and acceptance shall not be construed as any express or implied representation or warranty that an accepted lease or purchase agreement complies with applicable law or represents a transaction that is fair or is in Franchisee's best interest.

## **5. DUTIES OF FRANCHISEE**

Franchisee understands and acknowledges that every detail of the Restaurant is important to Franchisee and Franchisor in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all Elevation Burger franchisees, and to protect Franchisor's reputation and goodwill.

5.1 A Franchisee which is a corporation will comply, except as otherwise approved in writing by Franchisor, with the following requirements throughout the term of this Agreement:

5.1.1 Franchisee will furnish Franchisor with its Articles of Incorporation, By-laws, other governing documents, any other documents Franchisor may reasonably request, and any amendments thereto.

5.1.2 Franchisee will confine its activities exclusively to operating the Restaurant and any other Elevation Burger restaurants owned and operated by Franchisee pursuant to a validly existing franchise agreement.

5.1.3 Franchisee will maintain stop transfer instructions against the transfer on its records of any Equity securities; and will issue no securities upon the face of which does not legibly and conspicuously appear a printed legend in the form reasonably prescribed by Franchisor stating that the transfer of such stock is subject to the terms and conditions of this Agreement.

5.1.4 Franchisee will maintain a current list of all owners of record and all beneficial owners of any class of voting securities or securities convertible into voting securities of Franchisee and will furnish the list to Franchisor upon request.

5.2 A Franchisee which is a limited liability company will comply, except as otherwise approved in writing by Franchisor, with the following requirements throughout the term of this Agreement:

5.2.1 Franchisee will furnish Franchisor with its Articles of Organization, Certificate of Formation, Operating Agreement, Limited Liability Company Agreement, other governing documents, any other documents Franchisor may reasonably request, and any amendments thereto.

5.2.2 Franchisee will confine its activities exclusively to operating the Restaurant and any other Elevation Burger restaurants owned and operated by Franchisee pursuant to a validly existing franchise agreement.

5.2.3 Franchisee will maintain stop transfer instructions against the transfer on its records of any Equity securities; and will issue no securities upon the face of which does not legibly and conspicuously appear a printed legend in the form reasonably prescribed by Franchisor stating that the transfer of such stock is subject to the terms and conditions of this Agreement.

5.2.4 Franchisee will maintain a current list of all owners of record and all beneficial owners of any class of voting securities or securities convertible into voting securities of Franchisee and will furnish the list to Franchisor upon request.

5.3 A Franchisee which is a Partnership will comply, except as otherwise approved in writing by Franchisor, with the following requirements throughout the term of this Agreement:

5.3.1 Franchisee will furnish Franchisor with its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto.

5.3.2 Franchisee will confine its activities exclusively to operating the Restaurant.

5.3.3 Franchisee will prepare and furnish to Franchisor a list of all general and limited partners in Franchisee, and Franchisee shall furnish to Franchisor an updated list from time to time to reflect any changes thereto.

5.4 Franchisee must use a real estate broker that Franchisor designates or otherwise approves to assist Franchisee to negotiate a lease or purchase of the premises for Franchisee's Restaurant. Franchisee (or if Franchisee is a corporation, limited liability company or Partnership, its Owner(s) accepted by Franchisor in writing) will be responsible for financing the entire cost of constructing, equipping, supplying and operating the Restaurant (the "**Required Funds**"). Franchisee acknowledges and agrees that at all times during the term of this Agreement twenty-five percent (25%) of the Required Funds will consist of Equity from Franchisee or its Owner(s) and will not be borrowed from, or financed by, any third party. Franchisor reserves the right to waive this requirement for Franchisees with more than one Restaurant.

5.5 Subject to Force Majeure, within 270 days after the date hereof, Franchisee will, at its sole expense, construct or remodel, furnish, and equip the Restaurant, utilizing the construction company, architect, kitchen designer, interior designer, and signage company designated by Franchisor and all in accordance with Franchisor's current requirements and specifications as provided in this Agreement and as otherwise specified by Franchisor in writing, and, subject to Franchisor's prior written approval, commence operation of the Restaurant. The time periods for the commencement

and completion of construction as referred to in this Section are of the essence in this Agreement. If Franchisee fails to perform its obligations contained in this Section, Franchisor may deem the Franchisee's failure to so perform its obligations as aforesaid to constitute a material breach of this Agreement.

5.6 Franchisee will, at its sole expense, employ the construction company, architect, kitchen designer, interior designer and signage company designated by Franchisor as may be necessary to complete, adapt, or modify the sample plans and specifications for the Restaurant. Upon Franchisee's written request, and subject to Franchisor's approval in its sole discretion, (a) Franchisor may allow Franchisee to engage an architect selected by Franchisee, in which case Franchisee must reimburse Franchisor, on demand, for all costs and expenses incurred by Franchisor to review and have an architect acceptable to Franchisor review the designs and plans of Franchisee's selected architect, which reimbursement shall not exceed \$2,500, and (b) Franchisor may allow Franchisee to engage a contractor selected by Franchisee. In the case of either (a) or (b), Franchisee shall provide Franchisor with such information as Franchisor may require to evaluate such proposed architect or contractor, and which may include without limitation, evidence of satisfactory prior restaurant construction/design experience, references, adequate financial resources and stability and evidence of insurance. Franchisee will submit to Franchisor a complete set of final plans and specifications before commencing construction of the Restaurant. Franchisor will promptly review such plans and specifications. Franchisee will not commence construction of the Restaurant until Franchisor accepts in writing the final plans and specifications to be used in constructing the Restaurant. Franchisor will consult with Franchisee on the design, construction, and equipping of the Restaurant, but it will be and remain the sole responsibility of Franchisee to diligently construct, equip, and otherwise ready and open the Restaurant. Franchisee must obtain Franchisor's written acceptance of any and all changes in Restaurant plans before construction of the Restaurant or the implementation of such changes. Franchisor shall have access to the Restaurant site while work is in progress and may require such reasonable alterations or modification of the construction of the Restaurant as it deems necessary to comply with accepted plans and specifications. In the event the Restaurant is, at any time, to be altered or remodeled, or additional decorations, fixtures, furniture, signs, or equipment are to be installed or substituted, all such work will be subject to the prior written approval of Franchisor and shall only be performed by contractors and architects, kitchen designers, interior designers and signage companies designated by Franchisor, and, when completed, will conform to plans and specifications accepted by Franchisor.

5.7 Although it is not obligated to do so, Franchisor may inspect such work at any time to determine whether the work is being done in accordance with the plans and specifications previously approved by Franchisor. No Franchisor review, approval, consultation, designation or inspection provided pursuant to this **Section 5.7** will constitute or be deemed to constitute a warranty, guarantee, or assurance by Franchisor. Without limiting the generality of the foregoing, Franchisor's acceptance of Franchisee's plans and specifications for the Accepted Location, Franchisor's guidance with the development of the Accepted Location, and Franchisor's authorization to open the Restaurant are to assure that Franchisee complies with Franchisor's standards and specifications, and shall not be construed as any express or implied representation or warranty that the Accepted Location complies with any Applicable Laws, codes or regulations or that the construction is sound or free from defects. Franchisor's criteria for acceptance or rejection do not encompass technical, architectural or engineering considerations. Franchisor will have no liability with respect to construction of the Accepted Location, nor shall Franchisor be responsible in any way for delays or losses occurring during the design, construction or other preparation of the Restaurant, whether caused by the

condition of the Accepted Location, the design, engineering, construction, equipping, decorating, or stocking of the Restaurant, or any other reason. Franchisee expressly acknowledges and agrees that Franchisor does not, directly or indirectly, warrant or ensure that the design, decor, appearance, fixtures, layout, and/or other improvements of the Restaurant will guaranty Franchisee's success.

5.8 Franchisor shall provide the following training to Franchisee:

5.8.1 Before the opening of the Restaurant, the person designated by Franchisee and accepted by Franchisor as Manager of the Restaurant (which may be Franchisee, if Franchisee is an individual), and 4 additional persons designated by Franchisee as assistant managers or shift leaders of the Restaurant will attend and complete, to Franchisor's satisfaction, the initial training program offered by Franchisor at Franchisor's certified training center. In total, 5 managers must attend and successfully complete the initial training program to become certified managers in order for Franchisee to be approved for store openings. Additionally, one or more Owners of Franchisee acceptable to Franchisor will attend and complete, to Franchisor's satisfaction, the executive training program offered by Franchisor at Franchisor's certified training center. Franchisor will provide instructors and the majority of the training materials for the training programs; and Franchisee or its employees will be responsible for any and all other expenses incurred by them in connection with any training programs, including, the costs of transportation, lodging, meals, and any wages. Franchisee must procure, before the commencement of the initial training program offered by Franchisor, statutory worker's compensation insurance covering all participants in the training program.

5.8.2 At Franchisor's option, any persons subsequently employed by Franchisee in the positions of Operating Partner, Manager and/or assistant manager will also attend Franchisor's initial training program, and Franchisee will reimburse Franchisor for its costs of such training up to a maximum of \$1,500 per week for each individual.

5.8.3 At Franchisor's option, Franchisee, the Operating Partner and/or Franchisee's Manager will attend Franchisor's quarterly training and status meetings, and the Operating Partner, Franchisee's Manager, assistant managers, and other employees will attend such additional training programs and seminars as Franchisor may require from time to time. For all such programs and seminars, Franchisor will provide instructors and training material, and Franchisee or its employees will be responsible for any and all other expenses incurred by them in connection with such programs and seminars, including, without limitation, the costs of transportation, lodging, meals, and any wages.

5.9 Franchisee shall notify Franchisor, at least 60 days in advance, of the projected date by which all construction or remodeling shall be completed in accordance with Franchisor's specifications and all final health, fire, occupancy and other permits required for the occupancy and operation of the Restaurant shall have been obtained and Franchisee shall have fully prepared the Restaurant for pre-opening training in accordance with Franchisor's policies and specifications. Franchisor will then contact Franchisee to establish a scheduled opening date (the "**Scheduled Opening Date**"), which shall be subject to Franchisor's scheduling needs and availability of personnel, and which will be set at least 30 days in advance (unless otherwise mutually agreed).

5.9.1 During the period between 60 and 30 days preceding the Scheduled Opening Date, Franchisee shall prepare and submit a proposed store opening and staffing plan in the form and manner required in the Manuals ("**Opening Plan**"), and shall complete by not later than 30 days prior to the Scheduled Opening Date such final modifications to such plan as Franchisor may require after

consultation with Franchisee. Not later than 15 days prior to the Scheduled Opening Date, Franchisee shall have hired and payroll shall have commenced for the Operating Partner, Manager and all assistant managers and shift leaders of the Restaurant as contemplated by the final Opening Plan.

5.9.2 Following establishment of, and at least 7 days prior to, the Scheduled Opening Date, the Operating Partner, Manager and assistant managers or shift leaders of the Restaurant shall attend and complete, to Franchisor's satisfaction, the training of hourly employees of the Restaurant pursuant to Franchisor's pre-opening training program. Except as described below, Franchisor will provide, as Franchisor deems advisable, pre-opening supervision and assistance as described in **Section 3.2**, at no charge to Franchisee.

5.9.3 If, following establishment of the Scheduled Opening Date, the Scheduled Opening Date must be changed, for any reason, Franchisee shall promptly notify Franchisor of said change, and Franchisee shall reimburse Franchisor for all of its additional travel expenses and wages resulting from changing the travel arrangements of Franchisor's representatives scheduled to provide training to Franchisee, the estimated amount of which shall be payable in advance, before Franchisor's representatives travel to Franchisee's Accepted Location and before the Restaurant opens to the public. Franchisee or its employees will be responsible for any and all other expenses incurred by them in connection with the training program, including, without limitation, the costs of meals and any wages.

5.9.4 Franchisor or its representative, will provide such pre-opening and post-opening supervision and assistance to Franchisee, as Franchisor deems advisable based on Franchisee's Opening Plan, subject (as to timing) to scheduling needs and availability of personnel. If this is the first Restaurant opened by Franchisee (or any of its Affiliates), Franchisor shall bear up to \$20,000 of the direct and indirect wages and other labor costs and expenses of its personnel who provide such training and other pre-opening and post-opening supervision and assistance, and Franchisee shall reimburse Franchisor, within 21 days of demand, the amount of all said wages, labor costs and expenses in excess of \$20,000. If this is the second or subsequent Restaurant opened by Franchisee (or by any of its Affiliates), Franchisee shall be responsible for and shall bear all direct and indirect wages and other labor costs and expenses of Franchisor's personnel who provide such training or other pre-opening and post-opening supervision and assistance, and Franchisee shall reimburse Franchisor within 10 days of demand, or at Franchisor's option advance, the entire amount all said wages, labor costs and expenses (as estimated by Franchisor in the case of an advance). Whether this is the first or any subsequent Restaurant opened by Franchisee, Franchisee shall reimburse, or advance, at Franchisor's option, all reasonable travel expenses, including airfare, hotel and Franchisor's then current per diem charge, of its personnel.

5.10 Franchisee will use the Restaurant premises solely for the operation of the business franchised hereunder; will keep the business open and in normal operation for such hours and days as Franchisor may from time to time specify in the Manual or as Franchisor may otherwise approve in writing; and will refrain from using or permitting the use of the premises for any other purpose or activity at any time without first obtaining the written consent of Franchisor. Franchisee will not knowingly permit the Restaurant to be filmed or used in any visual media (including movies and other product placement arrangements) without Franchisor's prior written consent. Franchisee will not provide catering or other services outside of the Restaurant without the prior written consent of the Franchisor. Franchisee will install an in store music system on the Restaurant premises, but will not install or allow to be installed on the Restaurant premises any other vending, ATM or amusement

machines, except as otherwise approved in writing by Franchisor. Franchisee shall operate each in store music system located at the Restaurant premises without charge to Franchisee's customers and otherwise in accordance with the Manual.

5.11 Franchisee shall, at all times, maintain a competent, conscientious, trained staff, as required by Franchisor in the Manual or otherwise in writing. Franchisee will take such steps as are necessary to ensure that all employees of the Restaurant keep a neat and clean personal appearance, preserve good customer relations, and comply with such dress codes as Franchisor may prescribe. Franchisee acknowledges and agrees that Franchisee will be solely responsible for all employment decisions and functions, including, without limitation, those related to hiring, firing, establishing wage and hour requirements, disciplining, supervising, and record keeping.

5.12 Franchisee, or a person designated by Franchisee (and accepted by Franchisor) before the opening of the Restaurant and approved of in writing by Franchisor, will assume responsibility for the day-to-day management and operation of the Restaurant, oversight of the preparation of food products, and supervision of personnel and accounting (the "**Manager**"). Also, Franchisee will designate 1 assistant manager and 3 shift leaders. The Manager must spend at least 40 hours per week overseeing the operation of the Restaurant; but that at all times during open and operating hours of the Restaurant, either Franchisee (or, in the case where Franchisee is an Entity, an Owner thereof accepted by Franchisor), the Manager, assistant manager, or shift leader will be physically present at and actively supervising the operation of the Restaurant. Franchisee may replace the Manager or any assistant manager at any time provided that Franchisee immediately notifies Franchisor of any such changes. Franchisor may require any new Manager or assistant manager to complete Franchisor's initial training program as described in **Section 5.8**.

5.13 Franchisee will meet and maintain the highest health standards and ratings applicable to the operation of the Restaurant. Franchisee will furnish to Franchisor, within 5 days after receipt thereof, a copy of any violation, citation, notice or correspondence which relates in any way to local health or safety standards in the operation of the Restaurant. Franchisee will take all reasonable steps necessary or desirable to cure and/or avoid any health or safety standards violation, including, without limitation, causing a re-inspection of the Restaurant by health officials for the purpose of obtaining a higher health rating.

5.14 Franchisee will operate the Restaurant in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manual or otherwise in writing. Without limiting the foregoing, Franchisee agrees:

5.14.1 Franchisee shall purchase and install and use in and about the Restaurant such items and only such items of equipment (including, but not limited to, food and beverage preparation equipment, fixtures, furnishings, interior and exterior signage, air and exhaust handling equipment, order taking system, Information Systems (defined below)) and other personal property as are designated by Franchisor from time to time in writing, or which otherwise have been approved by Franchisor in writing, and which strictly conform to the appearance, standards and specifications of Franchisor and the System as established from time to time.

5.14.2 To maintain in sufficient supply (as Franchisor may prescribe in the Manual or otherwise in writing), and to use at all times, only such fixtures, furnishings, equipment, signage, menu items, ingredients, products, materials, supplies, and paper goods as conform with Franchisor's



standards and specifications, and to refrain from deviating therefrom by the use of nonconforming items, without Franchisor's prior written consent.

5.14.3 To sell or offer for sale only such menu items and sizes, products, and services as have been expressly approved for sale in writing by Franchisor; to sell or offer for sale all types of menu items, products, and services specified by Franchisor; to refrain from any deviation from Franchisor's standards and specifications without Franchisor's prior written consent; and to discontinue selling and offering for sale any menu items, products, or services which Franchisor may, in its discretion, disapprove in writing at any time.

5.14.4 To use, in the preparation of food products, only such seasonings and ingredients as prescribed by Franchisor. Franchisee acknowledges that the seasonings used in the preparation of Elevation Burger food products are unique and their formulae and manufacturing processes constitute trade secrets essential to the success of the System. Franchisee will purchase the seasonings and ingredients exclusively from Franchisor or its Affiliates or from supplier(s) designated by Franchisor from time to time.

5.14.5 To use and display only the standard format menu provided by Franchisor, as the same may be revised by Franchisor from time-to-time. Any changes in the menu format must be approved in writing by Franchisor before use. Franchisee will have sole discretion as to the prices to be charged to customers.

5.14.6 To permit Franchisor or its agents, at any reasonable time, to remove from the Restaurant premises, or sample on-premises, food or non-food items without payment therefor, in amounts reasonably necessary for inspection or testing by Franchisor or an independent laboratory to determine whether said samples meet Franchisor's then-current standards and specifications. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not been approved by Franchisor (or, with respect to the seasonings and ingredients, designated by Franchisor) or if the sample fails to conform to Franchisor's specifications.

5.14.7 To purchase and/or install, at Franchisee's expense, all fixtures, furnishings, equipment, and signage as Franchisor may direct from time to time in the Manual or otherwise in writing, including specified flat screen television monitors, an in store music system, a related sound system and sound recordings designated by Franchisor; and to refrain from installing or permitting to be installed on or about the Restaurant premises, without Franchisor's prior written consent, any fixtures, furnishings, equipment, signage, or other items not previously approved as meeting Franchisor's standards and specifications.

5.14.8 To purchase and display at the Restaurant certain photographs and decor items designated by Franchisor, and no others.

5.14.9 To refrain from selling, or offering for sale, any alcoholic beverages without the prior written approval of Franchisor, which approval may be conditioned upon such requirements as Franchisor deems necessary for the protection of the Proprietary Marks and the System, including, without limitation, the requirement that Franchisee complies with all laws and regulations applicable to the sale of alcoholic beverages.

5.14.10 To refrain from selling, or offering for sale, any merchandise without first obtaining the prior written approval of Franchisor. Franchisee will purchase and offer for sale such merchandise as Franchisor designates from suppliers designated by Franchisor.

5.14.11 To obtain and install, and upgrade, enhance and/or replace from time to time, equipment, software and hardware, including digital still and video cameras, as Franchisor may specify to enable Franchisee to send and receive, and Franchisor to access, e-mail and digital photos and streaming video or other multimedia signals and information to and from the Restaurant and premises, and, to transmit digital photos, video and audio signals of the Restaurant and premises to, and in the form and manner prescribed by, Franchisor.

5.15 Franchisee will purchase all fixtures, furnishings, Information Systems, equipment, signage, ingredients (other than seasonings or ingredients which will be purchased pursuant to **Section 5.14.4**), products, materials (including promotional materials), supplies, and paper goods solely from suppliers (including manufacturers, distributors and other sources) who demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor's then-current standards and specifications for such items; who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; and who have been approved in writing by Franchisor and not thereafter been disapproved. Franchisor reserves the right, at its option, to inspect from time to time the facilities and products of any approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria.

5.16 Franchisor and/or its Affiliates may derive revenue and profit based on Franchisee's purchases and leases, including from charging Franchisee for products and services that Franchisor or its Affiliates provide to Franchisee. Franchisor and/or its Affiliates may derive revenue and other material consideration, from promotional allowances, volume discounts and other payments by suppliers that Franchisor designates, approves or recommends for some or all of Franchisor's franchises. Franchisor and its Affiliates may collect or receive rebates, allowances, credits or other consideration in the form of cash or services or otherwise from suppliers based on purchases or sales by Franchisee. Franchisor and its Affiliates may retain for itself or themselves, or use as it or they deem appropriate, any or all such cash or non-cash rebates, allowances, credits or other consideration.

5.17 Franchisee will maintain the Restaurant in the highest degree of sanitation, repair, and condition as Franchisor may require, and in connection therewith will make such additions, alterations, repairs, and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repairs to or repainting or replacement of obsolete signs, furnishings, equipment, Information Systems and decor as Franchisor may reasonably direct.

5.18 At Franchisor's request, which will not be more often than once every 5 years, Franchisee will refurbish the Restaurant at its expense to conform to the building design, trade dress, color schemes, signage and presentation of trademarks and service marks consistent with the image then in effect for new restaurants under the System, including, without limitation, such structural changes, remodeling, redecoration, and such modifications to existing improvements as may be necessary.

5.19 Franchisee will grant Franchisor and its agents the right to enter upon the Restaurant premises at any time for the purpose of conducting inspections; will cooperate with Franchisor's

representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Agreement, will take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection, including, without limitation, immediately desisting from the further use of any equipment, advertising materials, products, ingredients, supplies, or other items that do not conform to Franchisor's then-current specifications, standards, or requirements. The parties agree and acknowledge that Franchisor's damages for Franchisee's violation of certain provisions of this Section are difficult to assess. Therefore, if Franchisee utilizes an ingredient or sells or offers to sell any item, product or service that has not been approved by Franchisor, or if Franchisee purchases or otherwise acquires any item from a supplier that has not been approved by Franchisor, Franchisor may require Franchisee to pay \$500 per day. Franchisor's right to require Franchisee to make this payment is in addition to, and not in limitation of, any and all of Franchisor's other rights and remedies.

5.20 Franchisor may establish and impose fines for violating Franchisee's duties under this Agreement or the Manuals. The fact that fines may be imposed will neither be construed as a waiver of Franchisor's right to require strict compliance with this Agreement and the Manuals, nor as liquidated damages. Franchisor may require you to pay such fines upon demand or may utilize EFT to collect such fines.

5.21 If Franchisee, individually or together with its Affiliates, at any time operates Multiple Restaurants, then at all times thereafter, Franchisee shall employ and retain an individual (the "**Operating Partner**"), accepted by Franchisor (and subject to subsequent rejection by Franchisor) who shall be vested with the authority and responsibility for supervising the overall operations of such Multiple Restaurants; if Franchisee (or its Affiliates) operate Multiple Restaurants some of which are geographically remote from one another, Franchisor reserves the right to require Franchisee to appoint a separate Operating Partner for each such geographic area). The Initial Operating Partner is identified in **Section 1.1**. The Operating Partner (and each of them if more than one) shall, during the entire period that he or she serves as such, meet the following qualifications: (a) devote full time and best efforts solely to operation of the Multiple Restaurants and to no other business activities; (b) meet Franchisor's educational, experience, financial and such other reasonable criteria for such individual, as set forth in the Manual or otherwise in writing by Franchisor, including satisfactory completion of Franchisor's initial training program; (c) be an individual acceptable to Franchisor, (d) at Franchisor's request, at all times following such request, own such percentage of the Equity and voting rights in Franchisee (and such of its Affiliates as own Restaurants over which the Operating Partner has supervisory responsibilities) as may be required by Franchisor (not to exceed 25% of the issued and outstanding Equity and voting rights of Franchisee, and/or the applicable Affiliate); and (e) reside in the same geographical area as the Multiple Restaurants as to which the Operating Partner has supervisory responsibilities. The Operating Partner shall be responsible for all actions necessary to ensure that each of the Multiple Restaurants are operated in compliance with this Agreement, all applicable franchise agreements and the Manuals. If, during the Term, the Operating Partner is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section (including Franchisor's subsequent rejection of such person), Franchisee shall promptly notify Franchisor and designate a replacement as soon as practicable, but not more than 30 days after the Operating Partner ceases to serve, such replacement being subject to Franchisor's acceptance. Franchisor's acceptance of the Operating Partner or any Manager, shall not constitute Franchisor's endorsement of such individual or a guarantee by Franchisor that such individual will perform adequately for Franchisee, nor shall Franchisor be estopped from subsequently rejecting or otherwise challenging such person's qualifications or performance.

5.22 Franchisee hereby grants Franchisor and its agents the right to enter the Restaurant premises at any time upon reasonable prior notice for the purpose of photographing the interior and/or exterior of the Restaurant for promotional purposes, and shall cooperate with Franchisor's representatives for such purposes and in obtaining photo releases from employees and other individuals, if required. Photographs of the interior or exterior of the Restaurant may be included in any promotional materials developed or distributed by Franchisor without remuneration to or prior consent by Franchisee.

## **6. PROPRIETARY MARKS**

6.1 With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee agrees that:

6.1.1 Franchisee will use only the Proprietary Marks designated by Franchisor, and will use them only in the manner authorized under this Agreement and permitted by Franchisor.

6.1.2 Franchisee will use the Proprietary Marks only for the operation of the Restaurant and only at the Accepted Location or in advertising for the business conducted at or from the Accepted Location. Unless otherwise authorized or required by Franchisor, Franchisee will not use the Proprietary Marks in connection with the operation of an Internet website or in connection with any advertising on an Internet website.

6.1.3 Unless otherwise authorized or required by Franchisor, Franchisee will operate and advertise the Restaurant only under the name "ELEVATION BURGER," without prefix or suffix, and will require all advertising and promotional materials, signs, decorations, paper goods (including disposable food containers and napkins), and other items which may be designated by Franchisor to bear the Proprietary Marks in the form, color, location, and manner prescribed by Franchisor.

6.1.4 During the term of this Agreement and any renewal hereof, Franchisee will identify itself as the franchisee of the Restaurant in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, business cards, stationery, order forms, receipts, and contracts, as well as at such conspicuous locations on the premises of the Restaurant as Franchisor may designate in writing.

6.1.5 Franchisee will not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor.

6.1.6 Franchisee will not use the Proprietary Marks as part of an Internet domain name (or URL), e-mail address, or as part of Franchisee's corporate or other legal name.

6.1.7 Franchisee will execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

6.1.8 Franchisee will promptly notify Franchisor of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Property Marks, or any challenge to the ownership, or Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks. Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement

thereof. Franchisor has the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. Franchisor will defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. If Franchisor, in its sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by Franchisor. If Franchisor, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee will execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action.

6.2 Franchisee expressly understands and acknowledges that:

6.2.1 Franchisor is the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.

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

6.2.3 Franchisee will not directly or indirectly contest the validity of or Franchisor's ownership of the Proprietary Marks.

6.2.4 Franchisee's use of the Proprietary Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement.

6.2.5 Any and all goodwill arising from Franchisee's use of the Proprietary Marks in its franchised operation under the System will inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount will be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks.

6.3 From time to time, in the Manual or in directives or bulletins supplemental thereto, Franchisor may add to, delete or modify any or all of the Proprietary Marks. Franchisee shall, at its cost and expense, use, or cease using, as may be applicable, the Proprietary Marks, including, , any such modified or additional trade names, trademarks, service marks, logotypes and commercial symbols, in strict accordance with the procedures, policies, rules and regulations contained in the Manual or in written directives issued by Franchisor to Franchisee, as though they were specifically set forth in this Agreement. Except as Franchisor may otherwise direct, Franchisee shall implement any such change within 60 days after notice thereof by Franchisor, at Franchisee's expense.

## **7. CONFIDENTIAL OPERATIONS MANUAL**

7.1 Franchisee shall participate in the System and operate the Restaurant at the Location in strict compliance with the standard procedures, policies, rules and regulations established by Franchisor and incorporated in Franchisor's Manual. Franchisee acknowledges having received one copy of the Manual, on loan, from Franchisor for the Term.

7.2 The subject matter of the Manual may include, matters such as: forms, information relating to product and menu specifications, purchase orders, general operations, labor management, Net Sales reports, training and accounting; sanitation; design specifications and uniforms; display of signs and notices; authorized and required equipment and fixtures, including specifications therefor; Proprietary Mark usage; insurance requirements; lease requirements; ownership requirements, décor; standards for management and personnel, hours of operation; online and local advertising formats; standards of maintenance and appearance of the Restaurant; procedures upon the occurrence of a Crisis Management Event; and required posting of notices to customers as to how to contact the Franchisor to submit complaints; and such other matters and policies as Franchisor may reasonably elect to include which relate to the System or the franchise relationship under the System. In the event of the occurrence of a Crisis Management Event, Franchisor may also establish emergency procedures pursuant to which Franchisor may require Franchisee to, among other things, temporarily close the Restaurant to the public, in which event Franchisor shall not be liable to Franchisee for any losses or costs, including consequential damages or loss profits occasioned thereby. In the event of any dispute as to the contents of the Manual, the terms and contents of the master copy maintained by Franchisor shall be controlling.

7.3 The Manuals and all amendments to the Manuals (and copies thereof) are copyrighted and remain Franchisor's sole property. Franchisee will at all times keep the Manual in a secure place on the Restaurant premises. Franchisee will at all times treat the Manual and the information contained therein as confidential, and will use all reasonable efforts to maintain such information as secret and confidential. Franchisee will not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.4 Franchisor shall have the right to modify the Manual at any time and from time to time; *provided*, that no such modification shall alter Franchisee's fundamental status and rights under this Agreement. Modifications to the Manual shall become effective upon delivery of written notice thereof to Franchisee unless a longer period is specified in such written notice and Franchisee shall comply with each modification as provided in the Manual. The Manual, as modified from time to time, shall be an integral part of this Agreement and reference made in this Agreement, or in any amendments, exhibits or schedules hereto, to the Manuals shall be deemed to mean the Manual kept current by amendments from time to time.

7.5 In lieu of, or in addition to, loaning a paper copy of the Manual to Franchisee, Franchisor may make the Manual available to Franchisee in electronic form, by means of the internet, electronic file or program or otherwise.

## **8. CONFIDENTIAL INFORMATION**

8.1 Franchisee will not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge, or know-how 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 will divulge such confidential information only to such of its employees as must have access to it in order to operate the Restaurant. Any and all information, knowledge, know-how, and techniques which Franchisor designates as confidential will be deemed confidential for purposes of this Agreement.

8.2 Franchisee will require the Operating Partner, Manager, assistant managers, and any personnel having access to any confidential information of Franchisor to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Restaurant. Such covenants will be in a form designated by Franchisor and will include, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them.

## 9. INFORMATION SYSTEMS, ACCOUNTING AND RECORDS

9.1 Franchisee will record all sales and other information Franchisor requires Franchisee to maintain on the designated aspects of the Information Systems as designated by Franchisor for use in the Restaurant, and on any forms and equipment as prescribed by Franchisor in the Manual or otherwise in writing. Franchisee may, at its own risk and option, obtain software programs that, from time to time, Franchisor designates as optional. Franchisee must enter into a maintenance and/or support agreement with Franchisor, an Affiliate of Franchisor, and/or one or more suppliers approved by Franchisor for the provision of maintaining and supporting the Information System or parts thereof. Franchisor or its Affiliate may charge you a fee if it or its Affiliate provides Franchisee with maintenance and/or support services. Presently, Franchisee must enter into the then-current Brand Technology System Support Services Agreement (or replacement thereof) (the “**Support Agreement**”) with the Franchisor or its Affiliate pursuant to which Franchisee will be provided certain help-desk support services. Franchisee must timely perform all of its obligations under the Support Agreement. If Franchisor shall designate certain computer software or hardware which is owned or licensed by Franchisor or its Affiliates (“**Proprietary Systems**”), Franchisee shall at Franchisor’s request license or sublicense such hardware or software from Franchisor or its designee and enter into a (sub)license agreement on Franchisor’s or such designee’s then-current form. From time to time, Franchisee shall purchase any upgrades, enhancements or replacements to the Proprietary Systems. Franchisor and its Affiliates may charge Franchisee up-front and reasonable ongoing fees for any Proprietary Systems that Franchisor or its Affiliates license to Franchisee. Franchisor or its Affiliate or designee may provide to Franchisee, for a fee, such support services relating to the Proprietary Systems as Franchisor deems advisable. .

9.2 Franchisor will have the right to access, the information entered by Franchisee in the Information Systems relating to the operations of the Restaurant. Franchisee agrees and acknowledges that Franchisor may from time to time specify additional or replacement Information Systems. Franchisee must purchase upgrades and updates to the software and hardware components of the system as Franchisor may deem necessary from time to time. Franchisee shall accept MasterCard, Visa and American Express as well as such other credit and debit cards and other non-cash systems, Fatburger loyalty cards and gift cards as Franchisor may specify, and shall obtain, replace and modify such equipment as required to implement the same, all in accordance with the policies and procedures Franchisor may establish and modify from time to time. Franchisee shall adhere to all PCI (Payment Card Industry), CISP (Cardholder Information Security Program) and SDP (Site Data Protection) compliance specifications, as amended, and similar standards and specifications.

9.3 Franchisee’s Information Systems shall be electronically linked to Franchisor or its designee, and Franchisee shall allow Franchisor and/or its designee, to poll such system on a daily or other basis at such times and in such manner as established by the Franchisor or its designee, with or without notice, and to retrieve such transaction information including sales, sales mix, food usage,

paper usage, inventory, labor hours, labor rates, labor distribution, cost information, and other operations data as Franchisor and/or its designee deems appropriate.

9.4 Franchisee will submit to Franchisor no later than 10:00 a.m. PST each Monday during the term of this Agreement after the opening of the Restaurant, Net Sales information for the seven day period ending on and including the immediately preceding Sunday, in the form prescribed by Franchisor, and such other data or information as Franchisor may require.

9.5 Franchisee will submit to Franchisor, no later than 30 days following the end of each calendar month, "compilation" financial statements including a statement of profit and loss. Franchisee will also submit to Franchisor within 30 days following the end of each semi-annual (which will mean 6 months) calendar period, or in the case of a corporation or partnership, within 30 days following the end of each semi-annual fiscal period, "review" financial statements including a balance sheet and a statement of profit and loss for each such semi-annual period, prepared by Franchisee's certified public accountant.

9.6 Franchisee will also submit to Franchisor, for review or auditing, Franchisee's tax returns (including, without limitation, both income and sales tax returns) pertaining to the Restaurant and such other forms, reports, records, information, and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in the Manual or otherwise in writing.

9.7 Franchisor or its designated agents will have the right at all reasonable times to examine and copy, at Franchisor's expense, the books and records of the Restaurant. Franchisor will also have the right, at any time, to have an independent audit made of the books of the Restaurant. If an inspection should reveal that any payments have been understated in any report to Franchisor during the current year or during the preceding 5 calendar years, then Franchisee will immediately pay to Franchisor upon demand the amount understated in such reports, in addition to interest on such amount from the date such amount was due until paid, at the rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by Applicable Law, whichever is less, calculated on a daily basis, and a late charge of \$25 per week for each week during which such payment was not received by Franchisor. If an inspection discloses an understatement in any payment of two percent (2%) or more, Franchisee will, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting and legal costs). The foregoing remedies will be in addition to any other remedies Franchisor may have.

9.8 Franchisee acknowledges and agrees that Franchisor may include financial performance information concerning Franchisee's Restaurant in its franchise disclosure document (including providing prospective franchisees with such backup documentation as may be required by Applicable Law), in related media claims, to existing franchisees, and as otherwise required or permitted by Applicable Law.

## **10. ADVERTISING**

Recognizing the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:



## 10.1 Local Advertising

10.1.1 Franchisee will expend an amount equal to the Local Advertising Percentage multiplied by its Net Sales on local advertising and promotion of the Restaurant during each of the following periods: January 1 through June 30, and July 1 through December 31 of each year during the Term. Not later than 30 days after the end of each period, Franchisee will furnish to Franchisor a marketing report for the immediately preceding concluded period in form and substance specified by Franchisor, including evidence to verify such expenditure during such period. The local store marketing report template can be found on the Marketing Extranet along with deadline requirements. Incomplete reports will not be accepted.

10.1.2 Franchisee will obtain a listing in the telephone and online directories serving the location of the Restaurant. The expenditure by Franchisee in obtaining such listing will qualify for purposes of **Section 10.1.1**.

10.1.3 Franchisee will obtain and maintain at appropriate locations on the Restaurant premises an adequate supply of Marketing Materials and special promotion materials of the kinds and sizes specified by Franchisor in the Manual, Franchise Marketing Resource Guide and New Store Opening Guide, Marketing Extranet, or otherwise in writing. Unapproved marketing materials and advertising communication that is submitted with local store marketing reports will not receive credit.

10.1.4 All advertising and promotion by Franchisee in any manner or medium will be conducted in a dignified manner and will conform to such standards and requirements as are specified by Franchisor. Franchisee will submit to Franchisor (through the mail, return receipt requested), for its prior approval at least 2 weeks before its intended use (except with respect to prices to be charged), samples of all advertising and promotional plans and materials that Franchisee desires to use and which have not been prepared or previously approved by Franchisor, including, without limitation, business cards, stationery, T-shirts, buttons, caps, watches, and similar items. If written disapproval thereof is not received by Franchisee from Franchisor within 2 weeks after the date of receipt by Franchisor of such samples or materials, Franchisor will be deemed to have given the required approval, subject to Franchisor's subsequent disapproval of said advertising materials. Franchisor may require, at its option, that Franchisee purchase certain advertising and promotional merchandise from suppliers who have been approved by Franchisor and who have entered into Franchisor's standard license agreement which shall provide, among other things, for the payment of royalties to Franchisor. Franchisee may not, without Franchisor's express prior written consent, distribute, display, market or promote, at the Restaurant or in connection with any advertising, promotion or marketing of the Restaurant, any third party's goods or services, including any unauthorized co-promotions (e.g., drop boxes promoting fitness clubs).

## 10.2 National Advertising

Franchisee will make a weekly contribution to a fund for national/regional advertising of the System (the "**Fund**") in an amount equal the Fund Percentage multiplied by Franchisee's weekly Net Sales. Franchisor reserves the right in its absolute discretion to increase said dollar amount and percentage rate at any time throughout the term of this agreement to four percent (4%). Franchisor reserves the right, in its sole discretion, to authorize some but not all franchisees, which may or may not include Franchisee, to withhold all or a portion of its or their required contribution to the Fund, as Franchisor may determine in its sole discretion. Upon receipt of Franchisor's prior written

approval, which Franchisor may subsequently modify or withdraw at any time upon 30 days written notice, Franchisee may withhold from its Fund contribution a dollar amount or percentage specified by Franchisor, in its sole discretion, provided that Franchisee must spend the dollar amount or percentage withheld on local advertising in accordance in Section 10.1.4. Such local advertising may, at Franchisor's option, be in lieu of or in addition to the local advertising required pursuant to Section 10.1.1. If Franchisor subsequently withdraws its approval of such withholding program, at the end of the 30 day notice period, Franchisee must immediately cease withholding any amounts from the Fund and must remit the full 1.5% of weekly Net Sales to the Fund. The Fund will be maintained and administered by Franchisor or its designee, as follows:

10.2.1 Franchisor or its designee will direct all marketing programs with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof, including on a national, regional or local basis, as Franchisor may determine in its sole discretion. Franchisee and Franchisor agree and acknowledge that the Fund is intended to increase the general public recognition, acceptance, the use of the Proprietary Marks for the System, and for other purposes permitted hereunder. Franchisor or its designee undertake no obligation in administering the Fund to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution or to insure that any particular Franchisee benefits directly or pro rata from expenditures by the Fund.

10.2.2 Franchisor will, for each of its company-owned Fatburger restaurants, if any, make contributions to the Fund on the same basis as assessments required of comparable franchisees within the System.

10.2.3 The Fund, all contributions thereto, and any earnings thereon will be used exclusively to reimburse Franchisor for advances relating to, and/or to meet any and all future costs of maintaining, administering, directing, and preparing advertising and/or promotional activities (including, among other things, the cost of preparing and conducting television, radio, magazine, and newspaper advertising campaigns; direct mail and outdoor billboard advertising; marketing surveys and other public relations activities; sponsorship of athletic and other events and activities; soliciting franchisee sales; use of advertising agencies to assist therein; and promotional brochures and other marketing materials for restaurants operated under the System). Without limiting the foregoing, Franchisor may, at its option, use up to 15% of the contributions to the Fund for soliciting franchise sales.

10.2.4 Franchisee will contribute to the Fund by separate check (or EFT payment) made payable to the Fund, or in the manners provided in **Section 4.6**. All sums paid by Franchisee to the Fund will be maintained in an account separate from the other monies of Franchisor and will not be used to defray any of Franchisor's expenses, except for such reasonable administrative costs and overhead, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Fund and advertising programs for franchisees and the System. The Fund and its earnings will not otherwise inure to the benefit of Franchisor. Franchisor or its designee will maintain separate bookkeeping accounts for the Fund, and will provide Franchisee, at its request, with an accounting of receipts and disbursements of the Fund.

10.2.5 It is anticipated that all contributions to and earnings of the Fund will be expended for advertising and/or promotional purposes during the taxable year within which the contributions and earnings are received. However, (a) if less than the total of all contributions to the

Fund are expended during any year, such excess may be accumulated for use during subsequent years, in which case expenditures in the following taxable year(s) will be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions; and (b) Franchisor may spend in any year an amount greater than the aggregate contributions to the Fund in that year and may cause the Fund to borrow funds to cover deficits, and if Franchisor (or an Affiliate) advances money to the Fund, it will be entitled to be reimbursed for such advances plus interest.

10.2.6 Although the Fund is intended to be of perpetual duration, Franchisor maintains the right to terminate the Fund. The Fund will not be terminated, however, until all monies in the Fund have been expended for advertising and/or promotional purposes, applied to reimburse Franchisor for funds otherwise advanced by Franchisor for advertising activities, or returned to contributors on the basis of their respective contributions.

### 10.3 Internet

10.3.1 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 Proprietary Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's express prior written consent, and then only in such manner and in accordance with such procedures, policies, standards and specifications as Franchisor may establish from time to time.

10.3.2 Franchisor has established one or more Internet web sites. Franchisor shall have discretion over the design, content and functionality of such web sites. Franchisor may, from time to time, include one or more interior pages that identifies restaurants operated under the Proprietary Marks, including the Restaurant, by among other things, geographic region, address, telephone number(s), and menu items. Franchisor may permit Franchisee to customize or post certain information to the an interior page, subject to Franchisee's execution of Franchisor's then-current participation agreement, as in effect from time to time, and Franchisee's compliance with the procedures, policies, standards and specifications that Franchisor may establish from time to time. Franchisor may disable or terminate such website(s) without Franchisor having any liability to Franchisee.

10.3.3 Franchisee acknowledges and agrees that Franchisor (or its Affiliate) is the owner of, and will retain all right, title and interest in and to (i) the domain names "elevationburger.com", "elevationburger.net", "elevationburgerchina.com", "elevationburger.cn" and "elevationburger.com.cn"; (ii) all existing and future domain names, URLs, future addresses and subaddresses using the Proprietary Marks in any manner; (iii) means all computer programs and computer code (e.g., HTML, XML DHTML, Java) used for or on the Franchisor's web site(s), excluding any software owned by third parties; (iv) all text, images, sounds, files, video, designs, animations, layout, color schemes, trade dress, concepts, methods, techniques, processes and data used in connection with, displayed on, or collected from or through Franchisor's web site(s); and (v) all intellectual property rights in or to any of the foregoing. Franchisor's web-site(s) may include one or more interior pages that identifies restaurants operated under the Proprietary Marks, including the Restaurant developed and operated hereunder, by among other things, geographic region, address, telephone number(s), and menu items. Such web-site(s) may also include one or more interior pages

dedicated to the sale of franchises by Franchisor and/or relations with Franchisor's or its Affiliate's investors.

## 11. INSURANCE

11.1 Franchisee will procure, before the commencement of any operations under this Agreement, and will maintain in full force and effect at all times during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee and Franchisor, and their respective officers, directors, partners, agents, and employees, against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Restaurant, including, but not limited to, comprehensive general liability insurance, property and casualty insurance, statutory worker's compensation insurance, and business interruption insurance. Notwithstanding the foregoing, Franchisee must procure, before the commencement of the initial training program offered by Franchisor, statutory worker's compensation insurance covering all participants in the training program. Such policy or policies will be written by an insurance company acceptable to Franchisor, will name Franchisor and its Affiliates as an additional insureds, and will provide, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by Franchisor from time to time), the types and minimum amounts of coverage specified in the Manual or otherwise in writing. Franchisee must, before the commencement of any construction of the Restaurant, and will maintain in full force and effect at all times during construction, at Franchisee's expense, builders risk insurance in the minimum amounts of coverage specified in the Manual or otherwise in writing. Franchisor will have the right to obtain, directly from Franchisee's insurance carriers, any and all information relating to the foregoing policy or policies and any claims thereunder. Upon the request of Franchisor, Franchisee will execute, acknowledge, and deliver such instruments, and do such further acts, as may be required by Franchisor to enable Franchisor to obtain such information.

11.2 Franchisee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified will not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor will Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in **Section 17.3** of this Agreement.

11.3 At least 30 days before the commencement of operations under this Agreement and thereafter on an annual basis and at least 30 days prior to the expiration of any such policy, Franchisee will deliver to Franchisor Certificates of Insurance evidencing the proper coverage with limits not less than those required hereunder. All Certificates will expressly provide that no less than 30 days' before written notice will be given Franchisor in the event of material alteration to, or cancellation of, the coverages evidenced by such Certificates.

11.4 Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Franchisor in the Manual or otherwise in writing, Franchisor will have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, will be payable by Franchisee immediately upon notice. The foregoing remedies will be in addition to any other remedies Franchisor may have.

## 12. TRANSFER OF INTEREST

### 12.1 Transfer by Franchisor:

Franchisor will have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and, upon such transfer or assignment, any designated assignee of Franchisor will become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment.

### 12.2 Transfer by Franchisee:

12.2.1 Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee. This Agreement has been entered into by Franchisor in reliance upon and in consideration of the singular individual or collective character, reputation, skill attitude, business ability, and financial capacity of Franchisee, or if applicable, its Owners. Accordingly, neither Franchisee nor any Owner (other than Franchisor, if applicable) shall effect an Assignment without Franchisor's prior written consent.

12.2.2 Any purported Assignment, transfer or encumbrance, by operation of law or otherwise, not having the written consent of Franchisor required by this **Section 12.2.1** will be null and void and will constitute a material breach of this Agreement, for which Franchisor may terminate without opportunity to cure pursuant to **Section 13.2** of this Agreement. Except in the instance of Franchisee advertising to sell the Restaurant and assign this Agreement in accordance with the terms hereof, Franchisee shall not, without Franchisor's prior written consent, offer for sale or transfer at public or private auction or advertise publicly for sale or transfer, the furnishings, interior and exterior decor items, supplies, fixtures, equipment, Franchisee's lease or the real or personal property used in connection with the Restaurant. Franchisee may not make any Assignment to a public Entity, or to any Entity whose direct or indirect parent's securities are publicly traded and no shares of Franchisee or any Owner of Franchisee may be offered for sale through the public offering of securities. Franchisee shall promptly provide Franchisor with written notice (stating such information as Franchisor may from time to time require) of each and every transfer, assignment and encumbrance by any Owner of any direct or indirect Equity or voting rights in Franchisee, notwithstanding that the same may not constitute an "Assignment."

12.2.3 Franchisee will notify Franchisor in writing of any proposed Assignment at least 90 days before such Assignment is proposed to take place. Franchisee may not disclose any confidential information to any proposed transferee unless it shall first have obtained, and provided Franchisor with an executed original copy of, a confidentiality agreement in form prescribed or approved by Franchisor, naming Franchisor as an express intended third party beneficiary thereto. Franchisor will not unreasonably withhold its consent to any transfer subject to Franchisor's rights under **Section 12.4**; but Franchisor may impose reasonable conditions to its assignment including, in its sole discretion, any or all of the following as conditions, each of which shall be deemed to be reasonable:

12.2.3.1 All of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor and its Affiliates will have been satisfied;

12.2.3.2 Franchisee is not in material default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its Affiliates;

12.2.3.3 Franchisee's right to receive compensation pursuant to any agreement for the purchase of any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Restaurant will be subordinated and secondary to Franchisor's rights to receive any outstanding monetary obligations or other outstanding obligations due from Franchisee pursuant to this Agreement or any other agreement between Franchisor or its Affiliates and Franchisee, whether arising before or after such transfer;

12.2.3.4 Franchisee will have executed a general release, in a form satisfactory to Franchisor, of any and all known and unknown claims against Franchisor and its Affiliates, and their respective officers, directors, shareholders, agents, and employees, in their corporate and individual capacities;

12.2.3.5 The transferee (and, if the transferee is other than an individual, such Owners of a beneficial interest in the transferee as Franchisor may request) will enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement;

12.2.3.6 The transferee (and, if the transferee is other than an individual, such Owners of a beneficial interest in the transfer as Franchisor may request) will demonstrate to Franchisor's satisfaction that it, he or she meets Franchisor's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Restaurant (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the Restaurant;

12.2.3.7 The transferee will execute, for a term ending on the expiration date of this Agreement and with such renewal term as may be provided by this Agreement, the standard form franchise agreement then being offered to new franchisees of Franchisor and such other ancillary agreements as Franchisor may require for the Restaurant, which agreements will supersede this Agreement in all respects and the terms of which agreements may differ from the terms of this Agreement, including, a higher percentage royalty rate and advertising contribution; but that the transferee will not be required to pay any Initial Fee and the Protected Territory provided for in this Agreement will remain the same;

12.2.3.8 At Franchisor's request, Franchisee and/or its Owners, the transferor and the transferee's Owners shall have executed a continuing guaranty in favor of Franchisor of the performance and payment by the transferee of all obligations and debts to Franchisor and its Affiliates under this Agreement and, if applicable, the replacement franchise agreement.

12.2.3.9 The transferee, at its expense, will upgrade the Restaurant to conform to the then-current standards and specifications of Elevation Burger restaurants, and will complete the upgrading and other requirements within the time specified by Franchisor; but that the transferee franchisee will not be required to upgrade the Restaurant if Franchisee has refurbished the

Restaurant, in accordance with the provisions of **Section 5.18** hereof, within the 5 year period immediately preceding the date on which Franchisee notifies Franchisor of the proposed transfer;

12.2.3.10 Franchisee will remain liable for all of the obligations to Franchisor in connection with the Restaurant before the effective date of the transfer and will execute any and all instruments reasonably requested by Franchisor to evidence such liability;

12.2.3.11 At the transferee's expense, the transferee's operating partner, manager and/or such additional persons as may be reasonably designated by Franchisor will complete any training programs then in effect for Elevation Burger franchisees upon such terms and conditions as Franchisor may reasonably require, including that such training be completed before the effective date of the transfer;

12.2.3.12 If this Agreement has been executed pursuant to an Area Development Agreement (whether or not such agreement remains in effect) or a Multi-Unit Restaurant Agreement or similar agreement, that this Agreement and all other franchise agreements executed pursuant to such agreement shall be concurrently transferred/assigned to the same assignee; and

12.2.3.13 Except in the case of a transfer to a corporation, limited liability company or Partnership formed by Franchisee (that is one or more individuals) for the convenience of ownership (for which no fee will be required but with respect to which Franchisor may impose other conditions, including, the requirements that operation of the Restaurant be the sole business of the Entity and that the original Franchisee remain the same beneficial ownership of the Entity as the original Franchisee had prior to the Assignment), Franchisee shall, pay to Franchisor a transfer fee of \$15,000, payable concurrently with Franchisee's notification to Franchisor of the proposed Assignment, unless waived in writing by Franchisor in its sole discretion; *provided, however*, that Franchisor may, in its sole discretion, condition its approval of the transaction and proposed transferee on the proposed transferee attending training prior to closing, in which event Franchisee must pay the transfer fee prior to commencement of such training and each trainee must execute a confidentiality agreement in form prescribed by Franchisor.

12.2.4 Franchisee acknowledges and agrees that each condition which must be met by the transferee is necessary to assure such transferee's full performance of the obligations hereunder.

### 12.3 Offerings by Franchisee:

Securities, partnership or other ownership interests in Franchisee may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Securities or partnership interests in Franchisee may be sold, by private offering or otherwise, only pursuant to the requirements of **Section 12.2**. All materials required for such offering by federal or state law will be submitted to Franchisor for limited review before their being filed with any Governmental Authority; and any materials to be used in any exempt offering will be submitted to Franchisor for limited review before their use. No Franchisee offering will imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating as an underwriter, issuer, or offeror of Franchisee's or Franchisor's securities; and Franchisor's limited review of any offering will be limited solely to the subject of the relationship between Franchisee and Franchisor. Franchisee and

the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Franchisee will pay to Franchisor a non-refundable fee of \$10,000, or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering. Franchisee will give Franchisor written notice at least 30 days before the date of commencement of any offering or other transaction covered by this Section.

#### **12.4 Right of First Refusal:**

12.4.1 If Franchisee, any of Franchisee's Owners or any person holding any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Restaurant desires to accept any bona fide offer from a third party to purchase such interest, Franchisee will notify Franchisor in writing of each such offer, and will provide such information and documentation relating to the offer as Franchisor may require.

12.4.2 Franchisor will have the right and option, exercisable within 45 days after receipt of such written notification, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, closing on such purchase must occur within 45 days from the date of notice to the seller of the election to purchase by Franchisor. If Franchisor does not elect to purchase the seller's interest, closing on the purchase must occur within 45 days from the date Franchisor notifies seller that it does not want to purchase the interest or the expiration of the initial notice period, whichever first occurs. Any material change in the terms of any offer before closing will constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this **Section 12** with respect to a proposed transfer.

12.4.3 If the consideration, terms, or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms, or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the cash consideration, each party will designate an independent appraiser, and the two so chosen will designate a third, and the determination of the majority will be binding.

#### **12.5 Transfer Upon Death or Mental Incapacity:**

Upon the death or mental incapacity of Franchisee, any of Franchisee's Owners or any person any person with an interest in this Agreement or in all or substantially all of the assets of the Restaurant, the executor, administrator, or personal representative of such person will transfer within 6 months after such death or mental capacity the interest of such person to a third party approved by Franchisor. Such transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same conditions as any *inter vivos* transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section, the personal representative of the decedent will transfer the decedent's interest to another party approved by Franchisor within such six-month period, which disposition will be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within such six-month period, Franchisor may terminate this Agreement.



## 12.6 Security Interest:

Without limiting the broad prohibition set forth in **Section 12.2.1**, any security interest granted by Franchisee in the Restaurant or in any of the assets of the Restaurant with Franchisor's consent, Franchisor may require that the secured party agree that in the event of any default by Franchisee under any documents related to the security interest, Franchisor will have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event Franchisor exercises such option, any acceleration of indebtedness due to Franchisee's default will be void. To the extent that any prohibition on the pledge, hypothecation, encumbrance or granting of a security interest in this Agreement or the assets of the Restaurant may be ineffective under Applicable Law, Franchisee shall provide not less than 10 days prior written notice (which notice shall contain the name and address of the secured party and the terms of such pledge, hypothecation, encumbrance or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement or the assets of the Restaurant.

## 12.7 Non-Waiver of Claims

Franchisor's consent to a transfer hereunder will not constitute a waiver of any claims it may have against the transferring party, nor will it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

## 13. DEFAULT AND TERMINATION

13.1 Franchisee will be deemed to be in default under this Agreement, and all rights granted herein will automatically terminate without notice to Franchisee, if Franchisee will become insolvent or makes a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; or if Franchisee is adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for 30 days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved and not reformed within 30 days thereafter; or if execution is levied against Franchisee's business or property so that Franchisee loses its right to such business or property; or if the real or personal property of the Restaurant will be sold after levy thereupon by any sheriff, marshal, constable or other government official.

13.2 Franchisee will be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, upon the occurrence of any of the following events:

13.2.1 If Franchisee fails to open the Restaurant in accordance with **Sections 5.5** through **5.9**.

13.2.2 If Franchisee shall abandon the Restaurant. For purposes of this Agreement, "**abandon**" shall refer to (i) Franchisee's failure, at any time during the Term, to keep the Restaurant

open and operating for business for a period of 5 consecutive days, except as provided in the Manual, (ii) Franchisee's failure to keep the Restaurant open and operating for any period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Restaurant at the Location, unless such failure to operate is due to Force Majeure (subject to Franchisee's continuing compliance with this Agreement), (iii) failure to actively and continuously maintain and answer the telephone listed by Franchisee for the Restaurant solely with the "ELEVATION BURGER" name; (iv) the loss of possession of the Accepted Location; or (v) closing of the Restaurant required by Applicable Law if such closing was not the result of a violation of this Agreement by Franchisor. Notwithstanding the foregoing, if any "abandonment" results from a Governmental Authority's exercise of the power of eminent domain, or if, through no fault of Franchisee, the premises are damaged or destroyed, then Franchisee will have 30 days after either such event in which to apply for Franchisor's approval to relocate or reconstruct the premises, which approval will not be unreasonably withheld.

13.2.3 If Franchisee (or, if Franchise is other than an individual, any of Franchisee's Owners) is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein.

13.2.4 If an approved transfer is not effected within a reasonable time, as required by **Section 12.5** hereof, following Franchisee's death or mental incapacity.

13.2.5 If, contrary to the terms of **Sections 7** or **8**, Franchisee makes any disclosure or divulgence of the contents of the Manual or other confidential information provided to Franchisee by Franchisor which Franchisor reasonably believes is likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein.

13.2.6 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Restaurant.

13.2.7 If Franchisee fails, refuses, or neglects to seek Franchisor's prior written approval or consent, including consent to an Assignment, as required by this Agreement.

13.2.8 If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein.

13.2.9 Franchisee engages in any business or markets any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to the Proprietary Marks.

13.2.10 If Franchisee fails to comply with the covenants applicable during the term of this Agreement in **Section 15.2**.

13.2.11 If Franchisee fails to obtain execution of the covenants required under **Section 15.6**.

13.2.12 If Franchisee knowingly maintains false books or records, or submits any false reports to Franchisor.

13.2.13 If Franchisee fails to perform or observe any provision of the lease of the Restaurant premises, including failure timely to pay rent.

13.2.14 If Franchisee, the Operating Partner, or any of its managers or assistant managers fail to complete to Franchisor's satisfaction the initial training program in accordance with the provisions of **Section 5.8** hereof.

13.2.15 If Franchisee fails to correct or repair any defects, deficiencies, or unsatisfactory conditions at the Restaurant immediately after being advised of same by Franchisor.

13.2.16 If Franchisee repeatedly is in default under **Section 13.3** hereof for failure substantially to comply with any of the requirements imposed by this Agreement, whether or not cured after notice.

13.3 Except as provided in **Sections 13.1** and **13.2**, and as otherwise expressly provided elsewhere in this Agreement, Franchisee shall have 10 days (5 days in the case of any default in the timely payment of sums due to Franchisor or its Affiliates or to Franchisee's suppliers or vendors) after Franchisor's written notice of default within which to remedy any default under this Agreement, and to provide evidence of such remedy to Franchisor. Franchisor may specify in such notice of default that this Agreement and all rights granted by it shall thereupon automatically terminate without further notice or opportunity to cure if any such default is not cured within that time period, or such longer time period as Applicable Law may require or as Franchisor may specify in the notice of default. Such defaults will include, without limitation, the Franchisee's failure to maintain any of the standards or procedures prescribed by Franchisor in this Agreement, the Manual, or otherwise in writing.

13.4 Notwithstanding anything to the contrary contained in this Article, in the event any valid, Applicable Law of a competent Governmental Authority having jurisdiction over this Agreement and the parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof.

13.5 Except for a default or termination of any Area Development Agreement or Multi-Unit Restaurant Agreement, or similar agreement, consisting solely of Franchisee's failure to meet the development schedule thereunder, any default by Franchisee under the terms and conditions of this Agreement, or any other agreement between Franchisor (or its Affiliate), and Franchisee (or any Affiliate of Franchisee), shall be deemed to be a default of each and every said agreement. Furthermore, in the event of termination, for any cause, of this Agreement or any other agreement between the parties hereto, Franchisor may, at its option, terminate any or all said agreements.

13.6 Franchisee may terminate this Agreement due to a material default by Franchisor of its obligations hereunder, which default is not cured by Franchisor within 60 days after Franchisor's receipt of prompt written notice by Franchisee to Franchisor detailing the alleged default with specificity; *provided*, that if the default is such that it cannot be reasonably cured within such 60 day period, Franchisor shall not be deemed in default for so long as it commences to cure such default within 60 days and diligently continues to prosecute such cure to completion. If Franchisee terminates

this Agreement pursuant to this Section, Franchisee shall comply with all of the terms and conditions of **Section 14**.

#### **14. OBLIGATIONS UPON TERMINATION OR EXPIRATION**

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee will forthwith terminate, and:

14.1 Franchisee will immediately cease to operate the business franchised under this Agreement, and will not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

14.2 Franchisee will immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System; the Proprietary Mark “ELEVATION BURGER”; and all other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System; provided that the foregoing will not apply to with respect to the continued operation by Franchisee of any other “ELEVATION BURGER” Restaurant pursuant to another validly subsisting franchise agreement with Franchisor. In particular, Franchisee will cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, menu items and any other articles which display the Proprietary Marks, and Franchisee hereby appoints Franchisor as Franchisee’s attorney in fact to do so in the event that Franchisee fails or refuses to do so for any reason; this power of attorney granted by Franchisee to Franchisor and such designee is a special power of attorney coupled with an interest and is irrevocable and shall survive the death or disability of Franchisee. In addition, Franchisor will have the right to enter upon the premises where the Restaurant was conducted, without being guilty of trespass or any other tort, for the purpose of removing any or all signs, advertising materials, displays, menus and any other articles which bear the Proprietary Marks.

14.3 Franchisee will take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark “ELEVATION BURGER” or any other service mark or trademark of Franchisor, and Franchisee will furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within 30 days after termination or expiration of this Agreement.

14.4 Franchisee will, at Franchisor’s option, assign to Franchisor any interest which Franchisee has in any lease or sublease for the premises of the Restaurant. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the premises of the Restaurant, Franchisee will make such modifications or alterations to the premises operated hereunder immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of other Elevation Burger restaurants, and will make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this **Section 14.4**, Franchisor will have the right to enter upon the premises where the Restaurant was conducted, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

14.5 Franchisee agrees, 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 is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's rights in and to the Proprietary Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor constituting unfair competition.

14.6 Franchisee will promptly pay all sums owing to Franchisor and its Affiliates. In the event of termination for any default of Franchisee, such sums will include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default.

14.7 Franchisee will pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this **Section 14**.

14.8 Franchisee will immediately deliver to Franchisor all manuals, including the Manual, records, files, instructions, correspondence, all materials related to operating the Restaurant, including, without limitation, brochures, signs, menus, displays, advertising materials, agreements, invoices, and any and all other materials relating to the operation of the Restaurant in Franchisee's possession, and all copies thereof (all of which are acknowledged to be Franchisor's property), and will retain no copy or record of any of the foregoing, except 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 Applicable Law.

14.9 Franchisor will have the option, to be exercised within 30 days after termination or expiration, to purchase from Franchisee any or all of the furnishings, equipment, fixtures, supplies, or inventory of Franchisee related to the operation of the Restaurant, at Franchisee's cost or fair market value, whichever is less. If the parties cannot agree on a fair market value within a reasonable time, each party will designate an independent appraiser, and the two so chosen will designate a third, and the determination of the majority will be binding. If Franchisor elects to exercise any option to purchase herein provided, it will have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against any payment therefor.

14.10 Franchisee will assign to Franchisor all telephone numbers utilized by Franchisee in the operation of the Restaurant.

14.11 Franchisee will comply with the covenants contained in **Section 15**.

## **15. COVENANTS**

15.1 Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Franchisor and the System. Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity:

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

15.1.2 Employ or seek to employ any employee of Franchisor or of any Elevation Burger franchisee or Franchisee for a period of at least one (1) year following the non-employment of such employee, or otherwise directly or indirectly induce any employee of Franchisor or of any franchisee or developer of Franchisor to leave his or her employment.

15.2 During the Term, no Restricted Person shall in any capacity, either directly or indirectly, through one or more Affiliates or otherwise, engage in any Competitive Activities at any location, whether within or outside the Protected Territory, unless Franchisor shall consent thereto in writing.

15.3 To the extent permitted by Applicable Law, upon (i) the expiration or termination of this Agreement, (ii) the occurrence of any Assignment, or (iii) the cession of any Restricted Person's relationship with Franchisee, each person who was a Restricted Person before such event shall not for a period of 2 years thereafter, either directly or indirectly, through one or more Affiliates, engage in any Competitive Activities within a radius of 5 miles of the Accepted Location or of the location of any other restaurant operated, or intended to be operated, under the Proprietary Marks.

15.4 The parties have attempted in **Section 15** to limit Franchisee's right to compete only to the extent necessary to protect the Franchisor from unfair competition. The parties hereby expressly agree that if the scope or enforceability of **Section 15** (or any subsection thereof) is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify either or both of such provisions to the extent that it deems necessary to make such provision(s) enforceable under Applicable Law. In addition, Franchisor reserves the right to reduce the scope of said provisions without Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee.

15.5 In view of the importance of the Franchisor's trademarks, trade names, service marks, logotypes, insignias, trade dress and designs and the incalculable and irreparable harm that would result to the parties in the event of a default or breach under this **Section 15**, the parties agree that each party may seek specific performance and/or injunctive relief to enforce the covenants and agreements in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity. Each party submits to the exclusive jurisdiction of the courts of the State of California and the U.S. federal courts sitting in Los Angeles, California for purposes thereof. The parties agree that venue for any such proceeding shall be the state and federal courts located in Los Angeles, California.

15.6 At Franchisor's request, Franchisee will obtain and furnish to Franchisor covenants similar in substance to those set forth in this **Section 15** (including covenants applicable upon the termination of a person's relationship with Franchisee) from any or all of the following persons: (1) the Manager and assistant managers of the Restaurant; and (2) any or all Restricted Persons. Every covenant required by this **Section 15.6** will be in a form satisfactory to Franchisor, including, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them.

## **16. TAXES, PERMITS, INDEBTEDNESS; COMPLIANCE WITH LAW**

16.1 Franchisee will promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Restaurant. Franchisee will pay to Franchisor an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor.

16.2 In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or Applicable Law; however, in no event will Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Restaurant or any improvements thereon.

16.3 Franchisee will comply with all federal, state, and local laws, rules, and regulations, and will timely obtain any and all permits, certificates, or franchises necessary for the full and proper conduct of the Restaurant, including, licenses to do business, fictitious name registrations, sales tax permits, health and sanitation permits and ratings, and fire clearances.

16.4 Franchisee will notify Franchisor in writing within 5 days after the receipt of notice by Franchisee of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Restaurant. Notwithstanding the foregoing, upon the occurrence of a Crisis Management Event, Franchisee shall immediately inform Franchisor's President, Chief Operating Officer, Vice President-Operations and Vice President - Marketing (and as otherwise instructed in the Manual) by telephone and Email. Franchisee shall cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event.

## **17. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

17.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that Franchisee will be an independent contractor; and, that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, employer, joint employer, enterprise, or servant of the other for any purpose whatsoever.

17.2 During the Term and any extensions hereof, Franchisee will hold itself out to the public as an independent contractor operating the Restaurant pursuant to a franchise from Franchisor. Franchisee agrees to take such action as may be necessary to do so, including, exhibiting a notice of that fact in a conspicuous place in the Restaurant premises, the content and form of which Franchisor reserves the right to specify.

17.3 It is understood and agreed that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and that Franchisor will in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor will Franchisor be liable by reason of any act or omission of Franchisee in its conduct of the Restaurant or for any claim or judgment arising

therefrom against Franchisee or Franchisor. Franchisee will indemnify and hold Franchisor, and Franchisor's officers, directors, agents, and employees, harmless against any and all claims arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Restaurant, as well as the costs, including attorneys' fees, of defending against them.

## **18. APPROVALS AND WAIVERS**

18.1 Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee will make a timely written request to Franchisor therefor, and such approval or consent will be obtained in writing.

18.2 Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

18.3 No failure of Franchisor to exercise any power reserved to it in this Agreement, or to insist upon compliance by Franchisee with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, will constitute a waiver of Franchisor's rights to demand exact compliance with any of the terms of this Agreement. Waiver by Franchisor of any particular default will not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor will any delay, forbearance, or omission of Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants of this Agreement affect or impair Franchisor's rights; nor will such constitute a waiver by Franchisor of any rights hereunder or rights to declare any subsequent breach or default.

## **19. NOTICES**

Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand, one business day after transmission by facsimile with copy also sent by Email or other electronic system expressly approved in the Manuals as appropriate for delivery of notices hereunder (with confirmation copy sent by regular U.S. mail), or 3 business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

### **Notices to Franchisor:**

EB Franchises, LLC  
9720 Wilshire Boulevard Suite 500  
Beverly Hills, California 90212  
Attn: Chief Executive Officer and Chief Financial Officer  
email: [CEO@fatbrands.com](mailto:CEO@fatbrands.com) and [CFO@fatbrands.com](mailto:CFO@fatbrands.com)

### **Notices to Franchisee:**

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Any party may change his or its address by giving 10 days prior written notice of such change to all other parties.

**20. BUSINESS PRACTICES**

20.1 Neither Franchisee nor any of its Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act, as amended, and any amendments or successors thereto.

20.2 Neither Franchisee, any of its Owners nor any employee of either of them is named as a “Specially Designated Nationals” or “Blocked Persons” as designated by the U.S. Department of the Treasury’s Office of Foreign Assets Control. Currently, this list is published under the internet website address “[www.treas.gov/offices/enforcement/ofac/sdn/](http://www.treas.gov/offices/enforcement/ofac/sdn/)”. Franchisee is neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo. Nor does Franchisee or its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. Franchisee agrees that Franchisee will notify Franchisor in writing immediately of the occurrence of any event, which renders the foregoing representations and warranties of this paragraph incorrect.

20.3 Franchisee represents that it understands and has been advised by legal counsel on the requirements of the Applicable Laws referred to above, including the United States Foreign Corrupt Practices Act (currently located at [www.usdoj.gov/criminal/fraud/fcpa.html](http://www.usdoj.gov/criminal/fraud/fcpa.html)), as amended, any local foreign corrupt practices laws, and the USA Patriot Act of 2001, as amended, and hereby acknowledges the importance to Franchisor and the parties’ relationship of Franchisee’s compliance with any applicable auditing requirements and any requirement to report or provide access to information to Franchisor or any government, that is made part of any Applicable Law. Franchisee must take all reasonable steps to require its consultants, agents and employees to comply with such laws prior to engaging or employing any such persons.

**21. APPLICABLE LAW; DISPUTE RESOLUTION**

21.1 The parties acknowledge that a substantial portion of performance under this Agreement will take place in California. Therefore, the parties agree that the laws of California (without giving effect to any conflict of laws) shall govern enforcement of this Agreement, excepting, however, the provisions of **Sections 15.2 and 15.3** (and to the extent applicable, **Section 15.4**) respecting Non-Competition Covenants which shall be governed in accordance with the laws of the State where the Accepted Location is located.

21.2 Except for a claim with respect to: (a) ownership or use of the Proprietary Marks, (b) enforcement of **Section 15** hereof, or (c) monies owed by Franchisee to Franchisor, any claim or controversy arising out of or related to this Agreement or the making, performance, or interpretation thereof will be conducted before and in accordance with (a) the then prevailing commercial rules of the American Arbitration Association (“**AAA**”), or at Franchisor’s option, (b) the Rules of Practice

and Procedure of Judicial Arbitration & Mediation Services, Inc. (“**JAMS**”) (AAA and JAMS, as applicable are referred to below as the “**Arbitration Association**”). Franchisee and Franchisor will each appoint one arbitrator from a list of arbitrators provided by the Arbitration Association, and those two arbitrators will appoint a third arbitrator from such list. The three arbitrators will determine facts, apply the Applicable Law, and award compensatory damages, but not punitive damages, which are hereby waived by Franchisee and Franchisor. All arbitration proceedings will take place in the county in which Franchisor's headquarters is located. Each party to the arbitration will bear such party's own legal fees and expenses, and the fees and expenses of the Arbitration Association and the arbitrators will be paid by such party or parties as the arbitrators determine. The award made by the arbitrators will be binding and final on the parties to such proceedings, and will not be subject to review by a court of law; but that judgment upon the award may be entered in a court having jurisdiction thereof, or application may be made to such court for a judicial acceptance of the award or an order of enforcement. All arbitration proceedings and claims shall be filed and prosecuted separately and individually in the name of Franchisee and Franchisor, and not in any representative capacity, and shall not be joined or consolidated with claims asserted by or against any other licensee, franchisee or area developer. The arbitration and the parties' agreement therefor shall be deemed to be self-executing, and if either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against such party despite said failure to appear. The arbitral decision shall be binding and conclusive on the parties. All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U.S.C. § 1 et seq.), notwithstanding any provision of this Agreement specifying the state law under which this Agreement shall be governed and construed.

21.3 Unless prohibited by Applicable Law, any legal action or proceeding (including mediation or arbitration) brought or instituted by Franchisee with respect to any dispute arising from or related to this Agreement, any breach of the terms of this Agreement, or the relationship between the parties hereto must be brought or instituted within a period of one (1) year from the date of discovery of the conduct or event that is the basis of the legal action or proceeding. Franchisee agrees to be bound by the provisions of the limitation on the period of time in which claims must be brought under Applicable Law or this Agreement, whichever expires earlier. Franchisee further agrees that, in connection with any arbitration proceeding conducted hereunder, Franchisee must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the federal rules of civil procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed as described above shall be forever barred.

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

21.5 Nothing herein contained will bar Franchisor's right to obtain 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.

21.6 Franchisee will pay to Franchisor all damages, costs, and expenses, including attorneys' fees, incurred by Franchisor in enforcing any provision of this Agreement, including without limitation the obtaining of injunctive relief.

## 22. FORCE MAJEURE

In the event of the occurrence of an event which Franchisee claims to constitute Force Majeure, Franchisee shall provide written notice to Franchisor in writing within 5 days following commencement of the alleged Force Majeure which notice shall include the words “Force Majeure” and explicitly describe the specific nature and extent of the Force Majeure, and how it has impacted Franchisee’s performance hereunder. Franchisee shall provide Franchisor with continuous updates (no less frequently than once each week) on Franchisee’s progress and diligence in responding to and overcoming the Force Majeure, and shall notify Franchisor immediately upon cessation of such Force Majeure, and provide all other information as may be requested by Franchisor. If Franchisee shall fail to notify Franchisor of any alleged Force Majeure within said 5 days, or shall fail to provide any such updates during the continuance of the alleged Force Majeure, Franchisee shall be deemed to have waived the right to claim such Force Majeure.

## 23. SEVERABILITY AND CONSTRUCTION

23.1 Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement will be considered severable; and if, for any reason, any portion, section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions will be deemed not to be a part of this Agreement.

23.2 Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor’s officers, directors, and employees, and such of Franchisee’s and Franchisor’s respective successors and assigns as may be contemplated (and, as to Franchisee, permitted) by **Section 12**, any rights or remedies under or by reason of this Agreement.

23.3 Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by Applicable 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 hereof 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.

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

23.5 The terms of all Exhibits hereto are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full herein. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section hereof may require. As used in this Agreement, the words “include,” “includes” or “including” are used in a non-exclusive sense. Unless otherwise expressly provided herein to the contrary, any consent, acceptance, approval or authorization of Franchisor which Franchisee may be required to obtain hereunder may be given or withheld by Franchisor in its

sole discretion, and on any occasion where Franchisor is required or permitted hereunder to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Franchisor's standards or satisfaction, Franchisor may do so in its sole subjective judgment and discretion. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against the drafter hereof, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto. Franchisor and Franchisee intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

23.6 Any references to a Section, Article, Schedule or Exhibit are to sections, articles, schedules and exhibits to this Agreement, unless otherwise specifically stated.

## **24. MISCELLANEOUS**

### **24.1 Franchisor's Right To Cure Defaults**

In addition to all other remedies herein granted if Franchisee shall default in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for default or breach hereunder and without notice to Franchisee, cure such default or breach for the account and on behalf of Franchisee, and the cost to Franchisor thereof shall be due and payable on demand and shall be deemed to be additional compensation due to Franchisor hereunder and shall be added to the amount of compensation next accruing hereunder, at the election of Franchisor.

### **24.2 Survival**

The covenants contained in this Agreement which, by their nature or terms, require performance by the parties after the expiration or termination of this Agreement, shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

### **24.3 Joint and Several Liability**

If Franchisee consists of more than one person or Entity, or a combination thereof, the obligations and liabilities of each such person or entity to Franchisor are joint and several, and such person(s) and/or Entities shall be deemed to be a general partnership.

### **24.4 Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

### **24.5 Submission of Agreement**

The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Franchisee and Franchisor.

## 24.6 Guaranty

All present and future Owners of a 10% or more (directly or indirectly), in the aggregate, of the Equity or voting rights in Franchisee, will execute a written guaranty in a form prescribed by Franchisor, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of Franchisee's obligations to Franchisor and to Franchisor's Affiliates. For purposes of determining whether said 10% threshold is satisfied, holdings of spouses (and family members who live in the same household) and Affiliates shall be aggregated. Upon each transfer or assignment of an interest in Franchisee, or other change in ownership interests in Franchisee, and at any other time upon Franchisor's request, said holders shall re-execute a written guaranty in a form prescribed by Franchisor.

## 24.7 Amendments

This Agreement may be amended only by a document signed by all of the parties to this Agreement or by their authorized agents.

## 25. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the Attachments hereto constitute the entire, full, and complete Agreement between Franchisor and Franchisee concerning the subject matter hereof. No other agreements oral or otherwise shall be deemed to exist or to bind any of the parties hereto and all prior agreements, understandings and representations are merged herein and superseded hereby. Except as set forth in the Franchise Disclosure Document, Franchisee represents that there are no contemporaneous agreements or understandings relating to the subject matter hereof between the parties that are not contained herein. No officer or employee or agent of Franchisor has any authority to make any representation or promise not contained in this Agreement or in any Franchise Disclosure Document for prospective franchisees required by applicable law, and Franchisee agrees that it has executed this Agreement without reliance upon any such representation or promise. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

## 26. REPRESENTATIONS AND ACKNOWLEDGMENTS

26.1 If Franchisee is an Entity, Franchisee represents and warrants that the information set forth in **Schedule B**, which is attached hereto and incorporated herein, is accurate and complete in all material respects. Franchisee shall notify Franchisor in writing within 10 days of any change in the information set forth in **Schedule B**, and shall submit to Franchisor a revised Schedule, which shall be certified by Franchisee as true, correct and complete and upon acceptance thereof by Franchisor shall be annexed to this Agreement as **Schedule B**. Franchisee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee, including providing copies of all amendments to Franchisee's "Entity Documents" as defined in **Schedule B**. Franchisee shall conduct no business other than the business contemplated hereunder and under any currently effective Multi-Unit Restaurant Agreement between Franchisor and Franchisee. The Entity Documents of Franchisee shall recite that the issuance and transfer of any interest therein is subject to the restrictions set forth in this Agreement.

26.2 Franchisee acknowledges that it has conducted an independent investigation of the business franchised hereunder, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Franchisee as an independent businessperson. Except as set forth in the Franchise Disclosure Document, if any such representation was made, Franchisor expressly disclaims the making of, and Franchisee acknowledges that it 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.

26.3 Franchisee acknowledges that it has read and understood this Agreement, the Attachments hereto, and agreements relating thereto, if any, 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.

26.4 Franchisee acknowledges that it received a copy of the complete EB Franchises, LLC Franchise Agreement, the Attachments thereto, and agreements relating thereto, if any, at least 5 business days before the date on which this Agreement was executed. Franchisee further acknowledges that it received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" at least 10 business days before the date on which this Agreement was executed.

**[SIGNATURE PAGE FOLLOWS]**

**IN WITNESS WHEREOF**, the parties hereto have duly executed and delivered this Agreement on the day and year first above written.

“FRANCHISEE”

\_\_\_\_\_

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

Its: \_\_\_\_\_

“FRANCHISOR”

EB FRANCHISES, LLC,  
a Delaware limited liability company

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

Its: \_\_\_\_\_

**SCHEDULE A**  
**to**  
**EB FRANCHISES, LLC**  
**FRANCHISE AGREEMENT**

DEFINITIONS - In this Agreement the following capitalized terms shall have the meanings set forth below, unless the context otherwise requires:

“**AAA**” shall have the meaning set forth in **Section 21.2**.

“**Arbitration Association**” shall have the meaning set forth in **Section 21.2**.

“**Accepted Location**” shall have the meaning set forth in **Section 1.1**.

“**Affiliate**” when used herein in connection with Franchisor or Franchisee, includes each person or Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Franchisor or Franchisee, as applicable. Without limiting the foregoing, the term “Affiliate” when used herein in connection with Franchisee includes any Entity 10% or more of whose Equity or voting control, is held by person(s) or Entities who, jointly or severally, hold 10% or more of the Equity or voting control of Franchisee. For purposes of this definition, control of a person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise. Notwithstanding the foregoing definition, if Franchisor or its Affiliate has any ownership interest in Franchisee, the term “Affiliate” shall not include or refer to the Franchisor or that Affiliate, and no obligation or restriction upon an “Affiliate” of Franchisee, shall bind Franchisor, or said Affiliate or their respective direct and indirect parents or subsidiaries, or their respective officers, directors, or managers.

“**Assignment**” means:

(i) the direct or indirect, voluntary or involuntary, sale, assignment, transfer, conveyance, gift, pledge, mortgage, hypothecation, or encumbrance, in whole or in part, of:

(A) this Agreement, or

(B) all or any substantial portion of the assets of the Restaurant, or

(ii) the direct or indirect, voluntary or involuntary, sale, assignment, transfer, conveyance, gift, pledge, mortgage, or encumbrance of 10% or more, in the aggregate, whether in one or more transactions, of the Equity or voting power of Franchisee, by operation of law or otherwise, or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Franchisee;

(iii) the issuance of any securities by Franchisee which by itself or in combination with any other transaction(s) results in its Owners, as constituted on the date of this Agreement, owning, on an as-converted or as-exercised basis, less than 90% of the outstanding Equity or voting power of Franchisee;



(iv) if Franchisee is a Partnership, the resignation, removal, withdrawal, death or legal incapacity of a general partner or of any limited partner owning 10% or more, in the aggregate, whether in one or more transactions, of the Partnership Rights of the Partnership, or the admission of any additional general partner, or the transfer by any general partner of any of its Partnership Rights in the Partnership, or any change in the ownership or control of any general partner;

(v) the death or legal incapacity of any Owner of Franchisee owning 10% or more of the Equity or voting power of Franchisee;

(vi) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of Franchisee, however effected; or

(vii) incurring any indebtedness (including principal, interest, fees and charges) for borrowed money or for the deferred purchase price of goods or services, except indebtedness (including principal, interest, fees and charges) owed to Permitted Lenders, and except indebtedness owed in connection with the purchase of goods or services, in the ordinary course of Franchisee's business, for use in or by the Restaurant and due and payable in full within 90 days of the date incurred.

**“Applicable Law”** means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, including all labor, immigration, food and drug laws and regulations, as in effect on the date of this Agreement, and as may be amended, supplemented or enacted from time to time.

**“Competitive Activities”** means to, own, operate, lend to, advise, be employed by, or have any financial interest in any restaurant that is the same as or similar to the Restaurant, other than a restaurant operated under the Proprietary Marks pursuant to a validly subsisting franchise agreement with Franchisor. Notwithstanding the foregoing, “Competitive Activities” shall not include the direct or indirect ownership solely as an investment, of securities of any Entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, such Entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Entity.

**“Crisis Management Event”** means any event that occurs at or about the Restaurant that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance which may damage the System, Proprietary Marks, or image or reputation of Restaurants or Franchisor or its Affiliates.

**“Entity”** means any limited liability company, Partnership, trust, association, corporation or other entity which is not an individual.

**“Equity”** means (i) capital stock, membership interests, Partnership Rights or other equity ownership interests of an Entity, and/or (ii) phantom equity, stock appreciation rights and similar rights.

**“First Renewal Term”** shall have the meaning set forth in **Section 2.2**.

**“Force Majeure”** means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot,

or other civil disturbance; epidemics; or other similar forces which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, or other person shall be an event of Force Majeure hereunder, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. For the avoidance of doubt, Franchisee's financial inability to perform or Franchisee's insolvency shall not be an event of Force Majeure hereunder.

**“Governmental Authority”** means and includes all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

**“Information Systems”** means and includes computer hardware and software, Proprietary Systems (defined above), communications hardware and software, point of sale hardware and software, kitchen display systems, data and/or databases and any other items that, collectively or independently, provide for administering, tracking, measuring, managing or reporting business information including, without limitation, food cost and labor management. Franchisor's standards and specifications for Information Systems may include, configurations, programming and support and service processes.

**“Manager”** shall have the meaning set forth in **Section 5.12**.

**“Manual”** means Franchisor's confidential operations and training manuals, and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by Franchisor as in effect and amended from time to time.

**“Multiple Restaurants”** means 3 or more Restaurants within reasonable geographic proximity of each other.

**“Net Sales”** means and includes all revenue (regardless of collection in the case of credit) from the sale of all food, beverages, merchandise, and services sold or rendered from or at the Restaurant whether for by cash, services, property, barter, or other means of exchange, and whether or not Franchisor offers such services or products in its other locations, including: (a) sales and services where orders originate or are accepted by Franchisee in the Restaurant but delivery or performance thereof is made from or at any place other than the Restaurant or which are pursuant to telephone or other similar orders received or filled at or in the Restaurant, (b) the proceeds of any business interruption insurance, after the satisfaction of any applicable deductible, and (c) sales from authorized (subject to **Section 5.10**) vending devices including in store music systems and pay telephones. Notwithstanding the foregoing, “Net Sales” shall exclude the amount of bona fide refunds paid to customers determined in accordance with the requirements of the Manual, the amount of any state or local sales or use tax actually paid by Franchisee and sales of fixtures or other capital items sold by Franchisee after use thereof in the operation of the Restaurant.

**“Non-Traditional Venue”** means a site, venue or location within another primary business or in conjunction with other businesses or at institutional settings, including, toll roads, highway travel plazas, hotels and motels, casinos and casino adjacent locations, airports, sports arena, stadiums, bus stations, train stations, theme parks, amusement facilities, military and other governmental facilities,

movie theaters, hospitals, grocery stores, supermarkets, convenience stores, schools, college and university campus, piers, gyms, offices or in-plant food service facilities, shopping mall food courts operated by a master concessionaire, and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider.

“**Opening Plan**” shall have the meaning set forth in **Section 5.9**.

“**Owner**” means any direct or indirect shareholder, member, general or limited partner, trustee, or other Equity owner of an Entity, except, that if Franchisor or any Affiliate of Franchisor has any ownership interest in Franchisee, the term “Owner” shall not include or refer to the Franchisor or that Affiliate or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon the “Franchisee”, or its Owners shall bind Franchisor, or said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers.

“**Partnership**” means any general partnership, limited partnership, or limited liability partnership.

“**Partnership Rights**” means voting power, property, profits or losses, or partnership interests of a Partnership.

“**Permitted Lender**” means a (i) bank, savings institution, trust company, insurance company, or other licensed financial institution; or (ii) an Owner of Franchisee as of the date of this Agreement for so long as such Owner remains an Owner of Franchisee.

“**Proprietary Marks**” means certain trade names, service marks, trademarks, logos, emblems, trade dress, and indicia of origin, including but not limited to the marks “ELEVATION BURGER” and such additional and replacement trade names, service marks, and trademarks as are now designated, and may hereafter be designated by Franchisor in writing, for use in connection with the System.

“**Protected Territory**” shall have the meaning set forth in **Section 1.41**.

“**Renewal Franchise Agreement**” shall have the meaning set forth in **Section 2.2**.

“**Renewal Right**” shall have the meaning set forth in **Section 2.2**.

“**Restaurant**” shall have the meaning set forth in **Section 1.12**.

“**Required Funds**” shall have the meaning set forth in **Section 5.4**.

“**Restricted Person**” means Franchisee, and each of its Owners and Affiliates, and the respective officers, directors, managers, and Affiliates of each of them, and the spouse and family members who live in the same household of each of the foregoing who are individuals.

“**Scheduled Opening Date**” shall have the meaning set forth in **Section 5.9**.

“**Second Renewal Term**” shall have the meaning set forth in **Section 2.2**.

“**System**” shall have the meaning set forth in the Recitals. The distinguishing characteristics of the System include, without limitation, special recipes, ingredients, and menu items; distinctive design, decor, color scheme, and furnishings; uniform standards, specifications, and procedures for operations; defined product and service offerings; procedures for quality control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time.

“**Term**” shall have the meaning set forth in **Section 2.1**.

“**Traditional Restaurant**” is a business premises that exists primarily as a “ELEVATION BURGER” restaurant, excluding any “ELEVATION BURGER” restaurant at a Non-Traditional Venue, however, which Traditional Restaurant may also have other types of Franchisor-approved co-branded businesses located in it, but in such case the “ELEVATION BURGER” restaurant is the primary business.

“**Weekly Accounting Periods**” shall have the meaning set forth in **Section 4.4**.

**SCHEDULE B**  
**to**  
**EB FRANCHISES, LLC**  
**FRANCHISE AGREEMENT**

**Entity Information**

Franchisee represents and warrants that the following information is accurate and complete in all material respects:

- (i) Franchisee is a (check as applicable):
  - corporation
  - limited liability company
  - general partnership
  - limited partnership
  - Other (specify): \_\_\_\_\_

(ii) Franchisee shall provide to Franchisor concurrently with the execution hereof true and accurate copies of its charter documents including Articles of Incorporation, Bylaws, Operating Agreement, Regulations Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing (“**Entity Documents**”).

(iii) Franchisee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

(iv) The name and address of each of Franchisee’s owners, members, or general and limited partner:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(v) There is set forth below the names, and addresses and titles of Franchisee’s principal officers or partners who will be devoting their full time to the Business:

NAME	ADDRESS
_____	_____
_____	_____
_____	_____

(vi) The address where Franchisee’s Financial Records, and Entity Documents are maintained is:  
\_\_\_\_\_

## GUARANTY, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to EB Franchises, LLC (“**Franchisor**”) to execute the Franchise Agreement between Franchisor and \_\_\_\_\_ (“**Franchisee**”) dated \_\_\_\_\_, 20\_\_ (the “**Agreement**”), the undersigned, jointly and severally, hereby unconditionally and irrevocably guarantee to Franchisor and its successors and assigns, the prompt full payment and performance of all obligations of Franchisee that are or may become due and owing to Franchisor or its affiliates, including, but not limited to, all obligations arising out of the Franchise Agreement or any other agreement between the parties and all extensions or renewals of it in the same manner as if the Franchise Agreement was signed between Franchisor or its affiliate. and the undersigned directly, as Franchisee.

Upon demand by Franchisor, the undersigned will immediately make each payment and perform each obligation required of Franchisee under the Agreement. The undersigned hereby waive any right to require Franchisor to: (a) proceed against Franchisee or any other guarantor for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee or any other guarantor; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee or any other guarantor. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned expressly waive notice of the acceptance by Franchisor to or for the benefit of Franchisee, of the purchase of inventory and goods by Franchisee, the maturing of bills and the failure to pay the same, the incurring by Franchisee of any additional future obligations and liability to Franchisor, and any other notices and demands. This Guaranty will not be affected by the modification, extension, or renewal of any agreement between Franchisor and Franchisee, the taking of a note or other obligation from Franchisee or others, the taking of security for payment, the granting of an extension of time for payment, the filing by or against Franchisee of bankruptcy, insolvency, reorganization or other debtor relief afforded Franchisee under the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing; and this Guaranty will cover the terms and obligations of any modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned will be unconditional in spite of any defect in the validity of the Franchisee’s obligations or liability to Franchisor, or any other circumstances whether or not referred to in this Guaranty that might otherwise constitute a legal or equitable discharge of a surety or guarantor.

Without limiting the generality of any other provision of this Guaranty, the undersigned hereby expressly waives: any defense, right of set-off, claim or counterclaim whatsoever and any and all other rights, benefits, protections and other defenses available to the undersigned now or at any time hereafter, including, without limitation, under California Civil Code Sections 2787 to 2855, inclusive, and Civil Code Sections 2899 and 3433, and all successor sections; and all other principles or provisions of law, if any, that conflict with the terms of this Guaranty, including, without limitation, the effect of any circumstances that may or might constitute a legal or equitable discharge of a guarantor or surety. The undersigned waives all rights and defenses arising out of an election of remedies. Without limiting the generality of the foregoing, the undersigned acknowledges that it has

been made aware of the provisions of California Civil Code Section 2856, has read and understands the provisions of that statute, has been advised by its counsel (or has had an opportunity to consult with counsel and has not availed itself of such opportunity) as to the scope, purpose and effect of that statute, and based thereon, and without limiting the foregoing waivers, the undersigned agrees to waive all suretyship rights and defenses available to the undersigned that are described in California Civil Code Section 2856(a).

The undersigned hereby agree to defend, indemnify, and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

This is a Guaranty of payment and performance and not of collection.

The undersigned hereby acknowledge and agree to be individually bound by all of the covenants contained in **Section 15** of the Agreement.

The undersigned agree that any current or future indebtedness by the Franchisee to the undersigned will always be subordinate to any indebtedness owed by Franchisee to Franchisor. The undersigned will promptly modify any financing statements on file with state agencies to specify that Franchisor's rights are senior to those of the undersigned. The undersigned further agree that as long as the Franchisee owes any money to Franchisor (other than royalty and advertising fund payments that are not past due) the Franchisee will not pay and the undersigned will not accept payment of any part of any indebtedness owed by Franchisee to any of the undersigned, either directly or indirectly, without the consent of Franchisor.

This Guaranty will terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination will remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement will remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor will be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guaranty will have the same meaning as in the Agreement, and will be interpreted and construed in accordance with **Section 21** of the Agreement. This Guaranty will be interpreted and construed under the laws of the State of California. In the event of any conflict of law, the laws of California will prevail, without regard to, and without giving effect to, the application of the State of California conflict of law rules.

Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand, one business day after transmission by facsimile with copy also sent by Email or other electronic system expressly approved in the Manuals as appropriate for delivery of notices hereunder (with confirmation copy sent by regular U.S. mail), or 3 business days after placement in

the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

**Notices to Franchisor:**

EB Franchises, LLC  
9720 Wilshire Boulevard Suite 500  
Beverly Hills, California 90212  
email: [CEO@fatbrands.com](mailto:CEO@fatbrands.com) and [CFO@fatbrands.com](mailto:CFO@fatbrands.com)

**Notices to Guarantors:**

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Any party may change his or its address by giving 10 days prior written notice of such change to all other parties.

**[SIGNATURE PAGE FOLLOWS]**



**IN WITNESS WHEREOF**, each of the undersigned has signed this Guaranty as of the date of the Agreement.

“GUARANTORS”

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

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

**EXHIBIT B-1**

**Co-brand Addendum to Franchise Agreement**

**CO-BRANDING ADDENDUM  
TO  
EB FRANCHISES, LLC FRANCHISE AGREEMENT**

This CO-BRANDING ADDENDUM TO FRANCHISE AGREEMENT (“**Addendum**”) is entered into as of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_, a \_\_\_\_\_ (“**Franchisee**,”) and EB FRANCHISES, LLC, a Delaware limited liability company (“**Franchisor**”) with reference to the following facts.

This Agreement is also joined in by: (check one)

- Buffalo’s Franchise Concepts, Inc., a Georgia corporation (“**BFCI**”)
- Hurricane AMT, LLC, a Florida limited liability company, (“**HAMT**”)

for the purpose of acknowledging BFCI’s or HAMT’s consent, as applicable, to the terms and conditions set forth herein.

A. Franchisee **[is an existing franchisee of]****[has concurrently herewith entered into a franchise agreement with]** Franchisor for the operation of a franchised “Elevation Burger” restaurant **[to be]** located at \_\_\_\_\_ (the “**Restaurant**”), pursuant to that certain EB Franchises, LLC franchise agreement dated \_\_\_\_\_, 20[\_\_\_] (the “**Franchise Agreement**” or “**EB Franchise Agreement**”). Except as expressly otherwise provided herein, all Section references are to the Franchise Agreement and all capitalized terms shall have the meaning ascribed to them in the Franchise Agreement.

B. Concurrently herewith, Franchisee and Franchisor’s affiliate, **[BFCI/HAMT]**, have entered into a franchise agreement (the “**[Buffalo’s][Hurricane] Franchise Agreement**”) pursuant to which Franchisee has been granted a non-exclusive license by **[BFCI/HAMT]** to use certain of **[BFCI’s/HAMT’s]** trademarks and other intellectual property in connection with Franchisee’s operation of a co-branded restaurant in conjunction with a “ELEVATION BURGER” restaurant.

C. Franchisor and Franchisee therefore desire to amend the Franchise Agreement to permit Franchisee to operate the Restaurant as a co-branded **[“Buffalo’s Café”/”Hurricane Grill & Wings®”]** and “Elevation Burger” restaurant, subject to the terms and conditions herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained below, the parties hereto agree as follows::

1. Grant of Permission.

(a) By executing this Addendum, Franchisor consents, notwithstanding Sections 6.1.3, or otherwise in the Franchise Agreement, but subject to the terms and conditions set forth herein, to Franchisee: (i) operating the Restaurant as a co-branded restaurant, pursuant to and in accordance with the Franchise Agreement (as amended hereby) and the **[Buffalo’s/Hurricane] Franchise Agreement**; (ii) offering and selling **[“Buffalo’s Café”/”Hurricane Grill & Wings®”]** products from the Restaurant as further provided in Paragraph 2 below; (iii) using and displaying the **[“Buffalo’s Café”/”Hurricane Grill & Wings®”]** trademarks (the “**Co-branded Marks**”) at the Restaurant in accordance with the specifications and requirements as may be provided to Franchisee

from time to time, and the terms and conditions of the **[Buffalo's/Hurricane]** Franchise Agreement; and (iii) remodeling certain portions of the Restaurant to incorporate the Co-branded Marks, signs, trade dress, equipment, furnishings and fixtures in accordance with Franchisor's specifications and guidelines, as may be provided to Franchisee from time to time, and subject to the rights and permissions granted to Franchisee pursuant to the **[Buffalo's/Hurricane]** Franchise Agreement.

(b) Franchisee acknowledges that this Addendum and Franchisor's permission granted herein apply only to the Restaurant, and shall not be understood or taken to be permission to offer any **["Buffalo's Café"/"Hurricane Grill & Wings®"]** menu items or other products or use or display any of the Co-branded Marks at any other "Elevation Burger" restaurant operated by Franchisee.

2. Co-branded Menu Items and Merchandise. Notwithstanding anything to the contrary in the Franchise Agreement, Franchisor agrees and consents to Franchisee offering and selling from the Restaurant such **["Buffalo's Café"/"Hurricane Grill & Wings®"]** menu items, merchandise and other products as Franchisor designates in writing to Franchisee and; provided that, BFCI or HAMT, as applicable, (subject to Franchisor's consent) reserves the right to modify, supplement or change the menu items, merchandise and/or other products it authorizes to be offered and sold from the Restaurant.

3. Co-branded Addendum to Manual. Franchisee acknowledges and agrees that Franchisor has been authorized to act on BFCI's and HAMT's behalf to supervise and assist Franchisee's operation of the co-branded restaurant. Following the execution of this Addendum, BFCI/HAMT and/or Franchisor will provide Franchisee, on loan, an operations manual (the **"Co-branded Manual"**), or an addendum to Franchisor's Manual (the **"EB Manual"**) describing Franchisee's obligations pertaining to the operation of the co-branded restaurant (the **EB Manual** and **BFCI Manual** or **HAMT Manual**, as applicable, are together referred to as the **"Co-branded Manuals"**) and **["Buffalo's Café"/"Hurricane Grill & Wings®"]** product and menu specifications, purchase orders, design specifications and uniforms; display of signs and notices; authorized and required equipment and fixtures, including specifications therefor; usage of the Co-branded Marks; décor; local advertising formats; and such other matters and policies as Franchisor may reasonably elect to include which relate to the operation of the Restaurant as a co-branded restaurant. Further, EB (on BFCI's and HAMT's behalf) may provide to Franchisee, from time to time as Franchisor deems appropriate, further advice and/or written materials concerning the operation of the Restaurant as a co-branded restaurant, including new developments and improvements in restaurant equipment, food products, packaging, and preparation. Franchisee hereby re-affirms its obligation to operate the Restaurant in strict compliance with the Co-branded Manual, as amended from time to time.

4. Restaurant Net Sales.

(a) Franchisee and Franchisor acknowledge and agree that the defined term "Net Sales" in Schedule A to the Franchise Agreement shall be deemed to include any and all revenue from the sale of **["Buffalo's Café"/"Hurricane Grill & Wings®"]** and "Elevation Burger" food, merchandise and/or services sold or rendered by Franchisee from or at the co-branded Restaurant. Franchisor and BFCI/HAMT shall be responsible for allocating amongst each other, the respective portions of Franchisee's Net Sales that they jointly deem to be attributable to the sale of Franchisor's and/or BFCI's/HAMT's food, merchandise and/or services sold or rendered by Franchisee from or at the co-branded Restaurant.

(b) Franchisor and BFCI/HAMT agree that Franchisee's payment to Franchisor under the Franchise Agreement of Royalties and National Advertising Fees based on the total combined Net Sales of both the "Elevation Burger" and **["Buffalo's Café"/"Hurricane Grill & Wings®"]** portions of the co-branded restaurant shall satisfy Franchisee's Royalty and National Advertising Fee obligations under both the Franchise Agreement and the **["Buffalo's][Hurricane"]** Franchise Agreement.

5. Accounting and Reporting. At Franchisor's request, Franchisee shall implement such requirements and procedures as Franchisor may reasonably require from time to time to record, account for and report to Franchisor the amount of Net Sales of the Restaurant (and other data or information) derived from the **["Buffalo's Café"/"Hurricane Grill & Wings®"]** menu items, apart from revenues derived from the sale of "Elevation Burger" menu items at the Restaurant.

6. Cross-Default. Franchisee acknowledges and agrees that it is essential to the name, brand and reputation of both Franchisor and BFCI/HAMT that the co-branded Restaurant be operated strictly in accordance with Franchisor's and BFCI's/HAMT's standards and specifications. Accordingly, (a) any violation or breach by Franchisee of the **["Buffalo's][Hurricane]** Franchise Agreement or any of the Co-branded Manuals shall constitute a default under the EB Franchise Agreement and EB Manual, and (b) any violation or breach by Franchisee of the EB Franchise Agreement or EB Manual shall constitute a default by Franchisee under the **["Buffalo's][Hurricane]** Franchise Agreement and Co-branded Manual.

7. Effect of Addendum. Except as expressly modified by this Addendum, the terms of the Franchise Agreement remain in full force and effect. In the event of any conflict or inconsistency between the provisions of the Franchise Agreement and the provisions of this Addendum, the provisions of this Addendum shall control.

8. Entire Agreement. This Addendum, together with the Franchise Agreement and **["Buffalo's][Hurricane]** Franchise Agreement, set forth the entire agreement between the parties hereto, fully superseding any and all prior agreements or understandings between the parties pertaining to the subject matter hereof.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have executed this Addendum as of the day and date first above written.

“FRANCHISEE”

\_\_\_\_\_  
a \_\_\_\_\_

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

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

Its: \_\_\_\_\_

“FRANCHISOR”

EB FRANCHISES, LLC  
a Delaware limited liability company

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

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

Its: \_\_\_\_\_

**ACKNOWLEDGED AND CONSENTED TO:**

BUFFALO’S FRANCHISE CONCEPTS, INC.

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

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

Its: \_\_\_\_\_

HURRICANE AMT, LLC

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

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

Its: \_\_\_\_\_

**EXHIBIT B-2**

**SBA Addendum to Franchise Agreement**



ADDENDUM TO \_\_\_\_\_<sup>1</sup> AGREEMENT

THIS ADDENDUM (“Addendum”) is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (“\_\_\_\_\_”), located at \_\_\_\_\_, and \_\_\_\_\_ (“\_\_\_\_\_”), located at \_\_\_\_\_.

\_\_\_\_\_ and \_\_\_\_\_ entered into a \_\_\_\_\_ Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the “\_\_\_\_\_ Agreement”). \_\_\_\_\_ is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the \_\_\_\_\_ Agreement or any other document \_\_\_\_\_ requires \_\_\_\_\_ to sign:

**CHANGE OF OWNERSHIP**

- If \_\_\_\_\_ is proposing to transfer a partial interest in \_\_\_\_\_ and \_\_\_\_\_ has an option to purchase or a right of first refusal with respect to that partial interest, \_\_\_\_\_ may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of \_\_\_\_\_. If the \_\_\_\_\_’s consent is required for any transfer (full or partial), \_\_\_\_\_ will not unreasonably withhold such consent. In the event of an approved transfer of the \_\_\_\_\_ interest or any portion thereof, the transferor will not be liable for the actions of the transferee \_\_\_\_\_.

**FORCED SALE OF ASSETS**

- If \_\_\_\_\_ has the option to purchase the business personal assets upon default or termination of the \_\_\_\_\_ Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the \_\_\_\_\_ owns the real estate where the \_\_\_\_\_ location is operating, \_\_\_\_\_ will not be required to sell the real estate upon default or termination, but \_\_\_\_\_ may be required to lease the real estate for the remainder of the \_\_\_\_\_ term (excluding additional renewals) for fair market value.

<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).



**COVENANTS**

- If the \_\_\_\_\_ owns the real estate where the \_\_\_\_\_ location is operating, \_\_\_\_\_ has not and will not during the term of the \_\_\_\_\_ Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the \_\_\_\_\_'s real estate, they must be removed in order for the \_\_\_\_\_ to obtain SBA-assisted financing.

**EMPLOYMENT**

- \_\_\_\_\_ will not directly control (hire, fire or schedule) \_\_\_\_\_'s employees. For temporary personnel franchises, the temporary employees will be employed by the \_\_\_\_\_ not the \_\_\_\_\_.

As to the referenced \_\_\_\_\_ Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the \_\_\_\_\_.

Except as amended by this Addendum, the \_\_\_\_\_ Agreement remains in full force and effect according to its terms.

\_\_\_\_\_ and \_\_\_\_\_ acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

**Authorized Representative of \_\_\_\_\_:**

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

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

Title: \_\_\_\_\_

**Authorized Representative of \_\_\_\_\_:**

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

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

Title: \_\_\_\_\_

**Note to Parties:** This Addendum only addresses "affiliation" between the \_\_\_\_\_ and \_\_\_\_\_. Additionally, the applicant \_\_\_\_\_ and the \_\_\_\_\_ system must meet all SBA eligibility requirements.

**EXHIBIT B-3**

**Cookie Equipment Lease**

EXHIBIT B-3  
COOKIE EQUIPMENT LEASE

THIS AGREEMENT, made this \_\_\_\_\_ day of 20\_\_, by and between \_\_\_\_\_ hereafter called the *Lessee*, and **GFG Management LLC**, hereafter called the *Lessor*.

Lessee and Lessor, for the consideration hereafter named, agree as follows:

Under the General Conditions of Lease, Lessor hereby leases to Lessee all equipment named and identified in the following "List of Equipment," for use at such location and at such rental rate for approximately such time as is therein stated. Lessor shall furnish such equipment, in operative, like new or new condition.

**List of Equipment\***

**\*Lessor reserves the right at its own discretion to any substitution to the equipment package.**

	Item Description	Distributor & Item Number	Manufacturer
1	Oven, Cadco Model OV-013	Edward Don #1202193	Cadco OV-O13 w/Warranty
2	Sheet Pans, 1/2	Edward Don #1060717	IMCO Pan-12
3	8" Baking Pans - Pop Out Bottom	Edward Don #1176622	Fat Daddios #PCC-83
4	Thumb/Disher Scoop, #16 Blue	Edward Don #1202195	Hamilton Beach #80-16
5	Ladle 12", 1 oz	Edward Don #K7101	IMCO #K7101
6	Cookie Spatula, large	Edward Don #1110300	Mercer #M17513
7	Impulse Heat Sealer - 12"	Edward Don #1199685	Eurodib UDA Model #KS-300
8	Teflon Pan Liner - 10ct precut	Edward Don #1165686	Saint-Gobain #25339M
9	18qt Cambro Container (translucent)	Edward Don #K3652	Cambro #18SFSP190
10	18qt Cambro Lid	Edward Don #K4647	Cambro #SFC12453
11	Merchandiser, Black Display Crate	Edward Don #1152621	Tablecraft #CRATE114BK

**GENERAL CONDITIONS OF EQUIPMENT LEASE**

The conditions of lease here below stated, together with the Agreement above of this sheet, constitute a contract between the parties therein named which contract is hereafter referred to as "this Agreement".

- 1 **TERM.**This Agreement shall be for a term of \_\_\_\_\_ years and begin on the above date. Termination of this Agreement will only occur upon full execution of all commitments at which point after years the lease equipment and title of ownership will be transferred to lessee for one-dollar consideration.
- 2 **RENT.**Lessee agrees to a minimum commitment of \_\_\_\_\_ cases of batter ordered per year.

- 3     **DEFAULT.** If Lessee fails to perform or fulfill any obligation under this Agreement, Lessee shall be in default of this Agreement. Lessee shall have ten (10) days from the date of notice of default given by lessor to cure the default. In the event Lessee does not cure the default, Lessor may at Lessor's option (a) cure such default and the cost of such action may be added to Lessee's financial obligations under this Agreement; or (b) declare Lessee in default of this Agreement. In the event of default, Lessor may, as permitted by law, re-take possession of the Equipment. Lessor may, at its option, hold Lessee liable for any difference between the Rent that would have been payable under this Agreement during the balance of the unexpired term. Lessee shall pay \$15.00 per case of batter outstanding the Term at the time of default and any fees and cost a product of default.
- 4     **RISK OF LOSS OR DAMAGE.** The Lessee assumes all risk of loss or damage to the equipment from any cause, and agrees to return it to the Lessor in the condition received from the Lessor, with the exception of normal wear and tear. The Lessor or their appointed agent will determine normal wear and tear. If the equipment is not returned to the Lessor for any reason, Lessee shall pay to the Lessor the Replacement Cost of the equipment or its equivalent at the time of its return. If no Replacement Cost is designated herein, Lessee shall pay the actual cost of replacing the equipment at the time of replacement.
- 5     **MAINTENANCE AND OPERATION.** Lessee shall see that the equipment is not subjected to careless, unusually or needlessly rough usage; and Lessee shall at Lessee's own expense maintain the equipment and its appurtenances in good repair and operative condition, and return it in such to Lessor in the same condition as received, ordinary and reasonable wear and tear resulting from proper use thereof excepted.
- 6     **REPAIRS.** The expense of all repairs made during the Rental Period, including labor, material, parts and other items shall be paid by Lessee. The manufacturer limited warranty will be supplied by the distributor Edward Don: 2 year limited warranty (1 year carry-in service, 2nd year parts only, contact factory for details), standard; 1 year warranty on oven motors & fan, contact factory for details, standard; 90 day warranty on light bulbs & gaskets, 30 day warranty on glass, contact factory for details, standard
- 7     **CARE AND OPERATION OF EQUIPMENT.** The equipment may only be used and operated in a careful and proper manner and at the location set forth herein. Its use must comply with all laws, ordinances, and regulations relating to the possession, use, or maintenance of the equipment, including registration and/or licensing requirements, if any.
- 8     **DISCLAIMER OF WARRANTIES. NO WARRANTIES; CONSEQUENTIAL DAMAGES EXCLUDED**
- a. Disclaimer of Warranties. Lessee acknowledges that: Lessor is not the manufacturer of the Equipment nor the manufacturer's agent or representative nor a dealer therein; the Equipment is of a size, design, capacity, description and manufacture selected by the Lessee; Lessee is satisfied that the Equipment is suitable and fit for its purposes; and **LESSOR HAS NOT MADE AND DOES NOT MAKE ANY WARRANTY OR REPRESENTATION WHATSOEVER, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS, CONDITION, MERCHANTABILITY, DESIGN OR**

**OPERATION OF THE EQUIPMENT, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE EQUIPMENT OR WORKMANSHIP IN THE EQUIPMENT, LESSOR'S TITLE TO THE EQUIPMENT, NOR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER;** Lessor shall not be liable to Lessee for any loss, damage, or expense of any kind or nature caused, directly or indirectly, by the Equipment or the use or maintenance thereof or the failure or operation thereof, or the repair, service or adjustment thereof, or by any delay or failure to provide any such maintenance, repairs, service or adjustment, or by any interruption of service or loss of use thereof or for any loss of business howsoever caused. No defect or unfitness of the Equipment shall relieve Lessee of the obligation to pay any installment of rent or any other obligation under this Lease.

IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT EACH AND EVERY PROVISION OF THIS AGREEMENT WHICH PROVIDES FOR A LIMITATION OF LIABILITY, DISCLAIMER OF WARRANTIES OR EXCLUSION OF DAMAGES, IS INTENDED BY THE PARTIES TO BE SEVERABLE FROM ANY OTHER PROVISION AND IS A SEPARABLE AND INDEPENDENT ELEMENT OF RISK ALLOCATION AND IS INTENDED TO BE ENFORCED AS SUCH. THE PARTIES ALSO AGREE THAT, REGARDLESS OF THE FAILURE OF ANY SOLE OR EXCLUSIVE REMEDY APPLICABLE TO THE EQUIPMENT, LESSEE WILL NOT BE ENTITLED TO ANY CONSEQUENTIAL DAMAGES OF WHATSOEVER KIND OR NATURE. THE PARTIES INTEND THE EXCLUSION OF CONSEQUENTIAL DAMAGES AS AN INDEPENDENT AGREEMENT APART FROM ANY SOLE AND EXCLUSIVE REMEDY APPLICABLE TO THE AGREEMENT.

- 9 **INDEMNITY.** Lessee shall indemnify Lessor, and its agents and employees against, and hold Lessor and its agents and employees harmless from, any and all claims, actions, suits, proceedings, costs, expenses, damages, and liabilities, including attorney's fees, arising out of, connected with, or resulting from the equipment or the Lease, including without limitation, the manufacture, selection, delivery, leasing, renting, control, possession, use, operation, maintenance or return of the equipment. Lessee shall further indemnify Lessor, and hold Lessor harmless from all loss and damage to the equipment during the rental period. Lessee recognizes and agrees that included in this indemnity clause, but not by way of limitation, is Lessee's assumption of any and all liability for injury: disability and death of workmen and other persons caused by the operation, use, control, handling, or transportation of the equipment during the Rental Period.

10 **LOSS OR DAMAGE TO EQUIPMENT; INSURANCE**

- a. Risk of Loss. From the date the Supplier ships the Equipment to Lessee or the date Lessor confirms Lessee's purchase order or contract to Supplier, whichever occurs first, Lessee hereby assumes and shall bear the entire risk of loss for theft, damage, destruction or other injury to the Equipment from any and every cause whatsoever. **NO SUCH LOSS OR DAMAGE SHALL IMPAIR ANY OBLIGATION OF LESSEE UNDER THIS LEASE WHICH SHALL CONTINUE IN FULL**

**FORCE AND EFFECT.** In the event of damage or loss to the Equipment (or any part thereof) and irrespective of payment from any insurances coverage maintained by Lessee, but applying full credit therefor, Lessee shall at the option of Lessor, (a) place the Equipment in good repair, condition and working order; or (b) replace the Equipment (or any part thereof) with like equipment in good repair, condition and working order and transfer clear title to such replacement equipment to Lessor, whereupon such replacement equipment shall be deemed the Equipment for all purposes.

- b. **Insurance.** Lessee shall obtain and maintain for the entire term of this Lease, at its own expense (as primary insurance for Lessor and Lessee), property damage and liability insurance and insurance against loss or damage to the Equipment including, without limitation, loss by fire (including so-called extended coverage), theft, collision and such other risks of loss as are customarily insured against on the type of Equipment leased hereunder and by businesses in which Lessee is engaged, in such amounts, in such form and with such insurers as shall be reasonably satisfactory to Lessor provided, however, that the amount of insurance against loss or damage to the Equipment shall be the greater of (i) the replacement value of the Equipment or (ii) the Stipulated Loss Value of such item of Equipment as specified in the Stipulated Loss Value Rider attached to the Lease Schedule relating to the Equipment.

- 11 **ASSIGNMENT.** The Lessee shall not assign or sublet any interest in this Rental or the equipment or permit the equipment to be used by anyone other than the Lessee or Lessee's employees, without Lessor's prior written consent.
- 12 **INDEMNITY.** Lessee shall indemnify and hold Lessor harmless from and against all claims, losses, liabilities (including, but not limited to, negligence, tort, breaches of statutory duties, and strict liability), damages, judgments, suits, and all legal proceedings, and any and all costs and expenses in connection therewith (including attorneys' fees) arising out of or in any manner related to the manufacture, purchase, financing, ownership, delivery, rejection, non- delivery, possession, use, transportation, storage, operation, maintenance, repair, return or other disposition of the Equipment or with this Lease, including, without limitation, (a) claims for injury to or death of persons and for damage to property, (b) claims relating to patent, copyright, or trademark infringement, and (c) claims relating to defects in the equipment whether or not discoverable by Lessor. Lessee agrees to give Lessor prompt notice of any such claim or liability.
- 13 **NOTICE.** Any notices or demands required to be given herein shall be given to the parties in writing and by regular mail email, of facsimile to the addresses, or email addresses herein set forth, or to such other addresses, email addresses, or telecopier numbers as the parties may hereafter substitute by written notice given in the manner prescribed in this Paragraph.
- 14 **CANCELLATION.** The Lease can be cancelled or terminated if: (1) Lessee is in good standing and current with all obligations to Lessor and (2) Lessee shall pay \$15.00 per case of batter outstanding the Term at the time of cancellation.

- 15 **GOVERNING LAW.** This Agreement is governed by and must be construed in accordance with the law of the State of Delaware without reference to its conflict of laws principles. Consent to jurisdiction and venue. In the event that lessee should ever assert a claim or counterclaim against lessor for any reason related to this document or its amendments if any, lessor and lessee unconditionally agree to assert such a claim in the form of a lawsuit to be commenced in state court in Georgia, or a county and state designated by lessor in a written notice to lessee with lessor hereby consenting to the jurisdiction and venue of the courts of those counties and states for such purposes.
- 16 **DISPUTE RESOLUTION.** Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in Atlanta, Georgia before one arbitrator. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures and in accordance with the Expedited Procedures in those Rules or pursuant to JAMS' Streamlined Arbitration Rules and Procedures . Judgment on the Award may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction.
- 17 **NEGATIVE COVENANTS OF LESSEE.**
- a. No Liens
- Lessee shall not create, incur, assume or suffer to exist any mortgage, lien, pledge or other encumbrance or attachment of any kind whatsoever upon, affecting or with respect to the Equipment or this Lease or any of Lessor's interests thereunder.
- b. No Alterations to Equipment; Accessions
- Lessee shall not make any changes or alterations in or to the Equipment except as necessary for compliance with any maintenance contract required by this Lease. All repairs, parts, supplies, accessories, equipment, and devices furnished, affixed, or installed to or on the Equipment or any part or unit thereof, shall become the property of Lessor.
- c. Location of Equipment
- Lessee shall not part with possession or control of or suffer or allow to pass out of its possession or control, items of Equipment or change the location of the Equipment or any part thereof from the address shown above without the prior written consent of Lessor.
- d. Lessee's Identity, Structure, Name and Address
- Lessee shall not change its name or address from that set forth above, unless it shall have given Lessor or its assigns no less than 30 days' prior written notice; Lessee, if an organization, shall not merge or consolidate with any other person or entity or change its identity.



**LESSEE SHALL NOT ASSIGN OR IN ANY WAY DISPOSE OF ALL OR ANY PART OF ITS RIGHTS OR OBLIGATIONS UNDER THIS LEASE OR ENTER INTO ANY SUBLEASE OF ALL OR ANY PART OF THE EQUIPMENT WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR. ANY ATTEMPTED ASSIGNMENT IN BREACH OF THIS PROVISION SHALL BE NULL AND VOID.**

18 **ENTIRE AGREEMENT.** This Lease constitutes the entire, final, complete, and fully integrated understanding or agreement between Lessor and Lessee and there is no understanding or agreement, oral or written, which is not set forth herein. This Lease may not be supplement, explained, or interpreted by any evidence of trade usage or course of dealing.

BY EXECUTION HEREOF, THE SIGNER CERTIFIES (S)HE HAS READ THIS ENTIRE LEASE, THAT LESSOR OR ITS REPRESENTATIVES HAVE MADE NO AGREEMENTS OR REPRESENTATIONS EXCEPT AS SET FORTH HEREIN AND THAT (S)HE IS DULY AUTHORIZED TO EXECUTE THIS LEASE ON BEHALF OF LESSEE.

LESSOR:

GFG Management, LLC a Delaware Corporation

By: \_\_\_\_\_  
Name: [ \_\_\_\_\_ ]  
Title: [ \_\_\_\_\_ ]

LESSEE [ENTITY NAME]

By: \_\_\_\_\_  
Name: [ \_\_\_\_\_ ]  
Title: [ \_\_\_\_\_ ]

**EXHIBIT C**

**Guaranty, Indemnification and Acknowledgment**

## GUARANTY, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to EB Franchises, LLC (“**Franchisor**”) to execute the Franchise Agreement between Franchisor and \_\_\_\_\_ (“**Franchisee**”) dated \_\_\_\_\_, 20\_\_ (the “**Agreement**”), the undersigned, jointly and severally, hereby unconditionally and irrevocably guarantee to Franchisor and its successors and assigns, the prompt full payment and performance of all obligations of Franchisee that are or may become due and owing to Franchisor or its affiliates, including, but not limited to, all obligations arising out of the Franchise Agreement or any other agreement between the parties and all extensions or renewals of it in the same manner as if the Franchise Agreement was signed between Franchisor or its affiliate. and the undersigned directly, as Franchisee.

Upon demand by Franchisor, the undersigned will immediately make each payment and perform each obligation required of Franchisee under the Agreement. The undersigned hereby waive any right to require Franchisor to: (a) proceed against Franchisee or any other guarantor for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee or any other guarantor; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee or any other guarantor. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned expressly waive notice of the acceptance by Franchisor to or for the benefit of Franchisee, of the purchase of inventory and goods by Franchisee, the maturing of bills and the failure to pay the same, the incurring by Franchisee of any additional future obligations and liability to Franchisor, and any other notices and demands. This Guaranty will not be affected by the modification, extension, or renewal of any agreement between Franchisor and Franchisee, the taking of a note or other obligation from Franchisee or others, the taking of security for payment, the granting of an extension of time for payment, the filing by or against Franchisee of bankruptcy, insolvency, reorganization or other debtor relief afforded Franchisee under the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing; and this Guaranty will cover the terms and obligations of any modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned will be unconditional in spite of any defect in the validity of the Franchisee’s obligations or liability to Franchisor, or any other circumstances whether or not referred to in this Guaranty that might otherwise constitute a legal or equitable discharge of a surety or guarantor.

Without limiting the generality of any other provision of this Guaranty, the undersigned hereby expressly waives: any defense, right of set-off, claim or counterclaim whatsoever and any and all other rights, benefits, protections and other defenses available to the undersigned now or at any time hereafter, including, without limitation, under California Civil Code Sections 2787 to 2855, inclusive, and Civil Code Sections 2899 and 3433, and all

successor sections; and all other principles or provisions of law, if any, that conflict with the terms of this Guaranty, including, without limitation, the effect of any circumstances that may or might constitute a legal or equitable discharge of a guarantor or surety. The undersigned waives all rights and defenses arising out of an election of remedies. Without limiting the generality of the foregoing, the undersigned acknowledges that it has been made aware of the provisions of California Civil Code Section 2856, has read and understands the provisions of that statute, has been advised by its counsel (or has had an opportunity to consult with counsel and has not availed itself of such opportunity) as to the scope, purpose and effect of that statute, and based thereon, and without limiting the foregoing waivers, the undersigned agrees to waive all suretyship rights and defenses available to the undersigned that are described in California Civil Code Section 2856(a).

The undersigned hereby agree to defend, indemnify, and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

This is a Guaranty of payment and performance and not of collection.

The undersigned hereby acknowledge and agree to be individually bound by all of the covenants contained in **Section 15** of the Agreement.

The undersigned agree that any current or future indebtedness by the Franchisee to the undersigned will always be subordinate to any indebtedness owed by Franchisee to Franchisor. The undersigned will promptly modify any financing statements on file with state agencies to specify that Franchisor's rights are senior to those of the undersigned. The undersigned further agree that as long as the Franchisee owes any money to Franchisor (other than royalty and advertising fund payments that are not past due) the Franchisee will not pay and the undersigned will not accept payment of any part of any indebtedness owed by Franchisee to any of the undersigned, either directly or indirectly, without the consent of Franchisor.

This Guaranty will terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination will remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement will remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor will be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guaranty will have the same meaning as in the Agreement, and will be interpreted and construed in accordance with **Section 21** of the Agreement. This Guaranty will be interpreted and construed under the laws of the State of California. In the event of any conflict of law, the laws of California will

prevail, without regard to, and without giving effect to, the application of the State of California conflict of law rules.

Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand, one business day after transmission by facsimile with copy also sent by Email or other electronic system expressly approved in the Manuals as appropriate for delivery of notices hereunder (with confirmation copy sent by regular U.S. mail), or 3 business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

**Notices to Franchisor:**

EB Franchises, LLC  
9720 Wilshire Blvd. Suite 500  
Beverly Hills, California 90212  
Attn: Chief Executive Officer and Chief Financial Officer  
email: [CEO@fatbrands.com](mailto:CEO@fatbrands.com) and [CFO@fatbrands.com](mailto:CFO@fatbrands.com)

**Notices to Guarantors:**

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

Any party may change his or its address by giving 10 days prior written notice of such change to all other parties.

**IN WITNESS WHEREOF**, each of the undersigned has signed this Guaranty as of the date of the Agreement.

“GUARANTORS”

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

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

**EXHIBIT D**

**List of Franchisees and Certain Former Franchisees**

# EB Franchises, LLC

## Franchised Restaurants as of December 25, 2022

### United States

Franchisee Entity	Contact	Address	Telephone No.
<b>Maine</b>			
Better Burger Old Port, LLC	Mark Caron Chris Dimillo	85 Western Ave., South Portland, ME	(207) 899-0406
Better Burger Old Port, LLC	Mark Caron Chris Dimillo	205 Commercial St., Portland, ME	(207) 775-6800
<b>Maryland</b>			
Sirhandi Ventures, LLC	Fazal Sirhandi	Sonoco Gas Station MP #85, 4805 JFK Highway, I-95, Aberdeen MD	(410) 272-3854
Crofton Organics, Inc.	Waheed Tufail	1403 S. Main Chapel Way #103, Gambrills, MD	(410) 721-2170
Dabani EB, LLC	David and Katherine Wallis	5501 Baltimore Ave., Hyattsville, MD	(301) 985-6869
<b>New York</b>			
Magnus, LLC	Daniel Magnus	176 South Ridge St., Rye Brook, NY	(914) 305-6700
Ridge Hill Elevation, LLC	Osman Fazal	228 Market St., Yonkers, NY	(914) 358-9400
<b>Pennsylvania</b>			
Carand, LLC	Chris Phillips	201 Plaza Drive, Collegeville, PA	(610) 831-1360
BullBlack, LLC	Chris Phillips	3945 Welsh Road, Willow Grove, PA	(215) 659-1008
GABS Enterprises, LLC	Gary and Sue Binasiewicz	798 Woodland Road, Wyomissing, PA	(484) 926-2768
<b>Virginia</b>			
EB VA 1, LLC	Jun and Trish Yi	Fair Oaks Mall, 11750 Fair Oaks Mall, Fairfax, VA	(703) 364-5154
EB Falls Church, LLC	Yousef Nagaria	Washington Market, 442 South Washington St., Falls Church VA	(703) 237-4343

Franchisee Entity	Contact	Address	Telephone No.
<b>Washington DC</b>			
Capitol Concessions LLC	Yousef Nagaria	3001 Connecticut Ave NW, Washington DC	(202) 633-4888
Fox Pubs USA, LLC	Fox Pubs USA, LLC	Reagan Airport, 2401 Smith Boulevard, Arlington, VA 22202	(571) 257-7427

**Former Franchisees as of December 25, 2022**

**Virginia**

Healthy Eatery One, LLC  
 Fazal Sirhandi  
 20602 Easthampton Parkway  
 Ashburn, VA 20147  
 Phone: (703) 729-2600

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



**EXHIBIT E**

**Multi-Unit Restaurant Agreement and Addendum**

**MULTI-UNIT RESTAURANT AGREEMENT**

**BY AND BETWEEN**

**FATBURGER NORTH AMERICA INC.**

**AND**

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**FATBURGER NORTH AMERICA, INC.  
MULTI-UNIT RESTAURANT AGREEMENT**

THIS **MULTI-UNIT RESTAURANT AGREEMENT** (“**Agreement**”) is made and entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, (the “**Effective Date**”) by and between Fatburger North America Inc., a Delaware corporation (“**Franchisor**”) and \_\_\_\_\_, a(n) \_\_\_\_\_ (“**Applicant**”) with reference to the following facts:

A. Franchisor’s Affiliate has granted Franchisor the right to sublicense the FATBURGER® name and such other trademarks, trade names, service marks, logotypes, insignias, trade dress and designs used in connection with the development, operation and maintenance of restaurants featuring hamburgers, related products and such other menu items as Franchisor may authorize from time to time (the “**Restaurants**”).

B. Franchisor desires to expand and develop the Restaurants in the Development Area, and Applicant wishes to develop FATBURGER® Restaurants in the Development Area, upon the terms and conditions as set forth in this Agreement.

**NOW, THEREFORE**, the parties agree as follows:

**1.  
DEFINITIONS**

In this Agreement, capitalized terms shall have the meanings set forth in Exhibit E, unless the context otherwise requires.

**2.  
GRANT OF AREA DEVELOPMENT RIGHTS**

**2.1 Grant of Area Development Rights**

(a) Upon the terms and subject to the conditions of this Agreement, Franchisor hereby grants to Applicant, and Applicant hereby accepts, the right and obligation, during the Term, to develop Restaurants solely at Venues in the geographic area defined in **Exhibit A**, which is attached hereto and by this reference made a part hereof (the “**Development Area**”). An increase or decrease in the size of the zip codes, cities, counties or political subdivisions, if any, included within these boundaries shall have no effect on the Development Area as it is described in **Exhibit A**. If the Development Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Development Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary

(b) Applicant acknowledges that Franchisor has offered Applicant the option of developing Restaurants in the Development Area on a “Non-exclusive” basis, or on a “Protected Rights” basis (See **Section 2.2**). (Check applicable box– if not checked, Non-exclusive basis will be deemed selected):

- (i)  “Non-exclusive” basis, or
- (ii)  “Protected Rights” basis

(c) No right or license is granted to Applicant hereunder to use any trademarks, trade names, service marks, logotypes, insignias, trade dress or designs owned by Franchisor, such right and license being granted solely pursuant to Franchise Agreements executed pursuant hereto. Without limiting the generality of the foregoing, nothing in this Agreement shall permit Applicant to own or operate a Restaurant, except pursuant to duly executed and subsisting Franchise Agreement. Applicant shall not use such trademarks, trade names, service marks, logotypes, insignias, trade dress, signs in any manner or for any purpose, including in connection with any offering of securities or any request for credit, without the prior express written approval of Franchisor.

## 2.2 Protection within Development Area

(a) *Non-Exclusive.* If Applicant has selected or is deemed to have selected the “Non-exclusive” box in **Section 2.1(b)(i)**, no exclusivity or territorial protection is granted to Applicant pursuant to this Agreement. The Development Area and the rights granted to Applicant under this Agreement are non-exclusive (subject only to any territorial rights granted to Applicant pursuant to any unit Franchise Agreement(s) between the parties) and without limiting the generality of the foregoing, Franchisor reserves all other rights including the exclusive, unrestricted right, in Franchisor’s sole discretion, directly and indirectly, through its employees, Affiliates, representatives, licensees, assigns, agents and others to (i) own or operate and to franchise or license others to own or operate restaurants under the name “FATBURGER®” and under any other trademarks, trade names, service marks, logotypes, insignias, trade dress and designs at any location whatsoever whether within or outside the Development Area, including at Excluded Venues, and regardless of their proximity to any Restaurant developed or under development or consideration by Applicant; (ii) own or operate facilities offering catering services and mobile units designed to service special events within and outside the Development Area and (iii) produce, license, distribute and market “FATBURGER®” brand named products, and products bearing other marks, including food and beverage products, clothing, souvenirs and novelty items, at or through any location or outlet, including grocery stores and convenience stores (including those which may be located within the Development Area), and through any distribution channel, at wholesale or retail, including by means of mail order catalogs, direct mail advertising, Internet marketing and other distribution methods.

(b) *Protected Rights.* If Applicant has selected the “Protected Rights” box in **Section 2.1(b)(ii)**, then subject to the Reserved Rights, during the Term, Franchisor shall not open or operate, nor license any other person or Entity to own or operate, any FATBURGER® Restaurant at any Venue within the Development Area. The term “**Reserved Rights**” means and includes the exclusive, unrestricted right, in Franchisor’s sole discretion, directly and indirectly, through its employees, Affiliates, representatives, licensees, assigns, agents and others to own or operate, and to license others (which may include its Affiliates) to own or operate (i) restaurants under the name “FATBURGER®” and under any other trademarks, trade names, service marks, logotypes, insignias, trade dress and designs at any location outside the Development Area, (ii) restaurants and other facilities under the name “FATBURGER®” and under any other trademarks, trade names, service marks, logotypes, insignias, trade dress and designs at Excluded Venues at any location, and of any type whatsoever, within or outside the Development Area, and regardless of proximity to any Restaurant developed pursuant hereto; (iii) facilities offering catering services and mobile units designed to service special events within and outside the Development Area, (iv) restaurants and other systems operating under names other than “FATBURGER®” and under any other trademarks, trade names, service marks, logotypes, insignias, trade dress and designs, at any location, and of any type whatsoever, within or outside the Development Area and regardless of their proximity to any

Restaurant developed pursuant hereto; and (v) to produce, license, distribute and market “FATBURGER®” brand named products, and products bearing other marks, including food and beverage products, clothing, souvenirs and novelty items, at or through any location or outlet, including grocery stores and convenience stores (including those which may be located within the Development Area), and through any distribution channel, at wholesale or retail, including by means of mail order catalogs, direct mail advertising, Internet marketing and other distribution methods.

### 3.

## OPERATOR'S DEVELOPMENT OBLIGATION

### 3.1 Development Obligation

(a) Subject to **Section 3.1(c)**, within each Development Period specified in **Exhibit B**, Applicant shall construct, equip, open and thereafter continue to operate at, and only at, Venues within the Development Area, not less than the cumulative number of Restaurants required by the Development Obligation for that Development Period.

(b) Applicant acknowledges and agrees that it is Applicant's sole responsibility to locate a sufficient number of proposed sites within the Development Area and to submit to Franchisor for acceptance sufficiently in advance of the end of each Development Period to insure that the Development Obligation is met for the applicable Development Period. Without limiting the foregoing, Applicant acknowledges that this will likely require Applicant to locate a number of possible sites substantially in excess of the Development Obligation for the applicable Development Period. Franchisor may not accept, or may reject, certain of such sites, and Applicant may not be able to acquire or lease particular sites or negotiate acceptable lease terms. Applicant agrees that time is of the essence.

(c) To the extent that at the end of any Development Period, Applicant shall have failed to construct, equip, open and commence operation of the cumulative number of Restaurants required by the end of that Development Period, then Applicant shall forfeit the right to develop that number of Restaurants which Applicant failed to construct, equip, and open (the “**Unopened Restaurants**”), and (i) **Exhibit B** shall automatically be deemed revised, without any action on the part of either party hereto, to reduce, by a number equal to the number of Unopened Restaurants, the cumulative number of Restaurants required at the end of each ensuing Development Period, as well as the total Development Obligation, and (ii) the portion of Applicant's Development Fee which is attributable to such Unopened Restaurant(s) shall be forfeited and the amount of the Development Fee remaining available as a credit pursuant to **Section 5** shall be correspondingly adjusted and reduced. No portion of the Development Fee shall be refunded in connection with any rights to develop Restaurants which are forfeited pursuant hereto and no such portion of the Development Fee pertaining to such forfeited rights shall be credited against any initial franchise fee payable pursuant to any subsequent Franchise Agreements executed pursuant to this Agreement, such credit being limited to the amount set forth in **Section 5**, as so adjusted and reduced.

### 3.2 Force Majeure

(a) Subject to Applicant's continuing compliance with **Section 3.2(b)**, should Applicant be unable to meet the Development Obligation for any Development Period solely as the result of Force Majeure or any legal disability of Franchisor to deliver a Franchise Disclosure

Document if required by law pursuant to **Section 6.2** of this Agreement, which results in the inability of Applicant to construct or operate Restaurants in all or substantially all of the Development Area pursuant to the terms of this Agreement, the particular Development Period during which the event of Force Majeure (or Franchisor's legal disability to deliver a Franchise Disclosure Document) occurs shall be extended by an amount of time equal to the time period during which the Force Majeure (or Franchisor's legal disability to deliver a Franchise Disclosure Document) shall have existed and persisted during that Development Period. Development Periods during which no such Force Majeure (or legal disability) existed shall not be extended. Other than as a result of Force Majeure, any delay in Franchisor's issuance of acceptance of any site under **Article 6**, or Applicant's failure to satisfy the conditions set forth in **Section 6.3** of this Agreement, shall not extend any Development Period.

(b) In the event of the occurrence of an event constituting Force Majeure, Applicant shall notify Franchisor in writing within 5 days following commencement of the alleged Force Majeure including the specific nature and extent of the Force Majeure, with sufficient details to enable Franchisor to evaluate such claimed Force Majeure, and how it has impacted Applicant's performance hereunder. Applicant shall continue to provide Franchisor with regular updates (no less frequently than weekly) for so long as Applicant claims such Force Majeure to persist, and promptly provide all additional information as may be requested by Franchisor, including Applicant's progress and diligence in responding to and overcoming the Force Majeure.

### **3.3 Applicant May Not Exceed The Development Obligation**

Applicant may not construct, equip, open and operate more than the total number of Restaurants comprising the Development Obligation.

## **4.**

### **TERM OF THE AGREEMENT**

#### **4.1 Term**

The term of this Agreement shall commence on the Effective Date and, unless otherwise negotiated, terminated or extended as provided herein, shall continue until the earlier of (i) the \_\_\_\_\_ anniversary of the Effective Date, or (ii) the date of execution of the Franchise Agreement granting Applicant the right to open the last Restaurant necessary for Applicant to fully satisfy the Development Obligation (the "**Term**").

#### **4.2 No Renewal or Extension of Term**

Applicant shall have no right to renew this Agreement or extend the Term of this Agreement.

#### **4.3 Effect of Expiration**

Following the expiration of the Term, or the sooner termination of this Agreement, (a) Applicant shall have no further right to construct, equip, own, open or operate additional Restaurants which are not, at the time of such termination or expiration, the subject of a then existing Franchise Agreement between Applicant (or an Affiliate of Applicant) and Franchisor which is then in full force and effect, and (b) without limiting any of Franchisor's rights hereunder, Franchisor or its Affiliates may thereafter itself construct, equip, open, own or operate, and license others to (or grant development rights to) construct, equip, open, own or operate Restaurants at any location(s) (within



or outside of the Development Area), without any restriction, subject only to any territorial rights granted for any then existing Restaurant pursuant to a validly subsisting Franchise Agreement executed for such Restaurant.

**5.**  
**DEVELOPMENT FEE**

Concurrently with the execution of this Agreement, Applicant shall pay to Franchisor, in cash or by certified check, the sum of \$\_\_\_\_\_ (the “**Development Fee**”). The Development Fee represents, 100% of the aggregate initial franchise fees required to be paid by Applicant pursuant to the current form of Franchise Agreement if Applicant executes Franchise Agreements for the total number of Restaurants required to be developed hereunder. The Development Fee shall be deemed fully earned upon the execution hereof and shall not be refundable under any circumstances; provided that Franchisor shall credit the Development Fee against the Initial Fee payable upon execution of each Franchise Agreement executed pursuant hereto at the rate of \$\_\_\_\_\_ per Franchise Agreement until the entire Development Fee has been so credited.

**6.**  
**EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS**

**6.1 Site Review**

(a) When Applicant has located a proposed site for construction of a Restaurant, Applicant shall submit to Franchisor such real estate, economic, demographic and other information regarding the proposed site and neighboring areas as Franchisor shall require, in the form prescribed by Franchisor (“**Real Estate Site Evaluation Package**”).

(i) Together with each Real Estate Site Evaluation Package, Applicant shall obtain from Franchisor’s designated vendor, or another vendor which has been approved in writing by Franchisor, a customer analysis and location report (the “**Site Analysis**”) covering the proposed site, which report must be on a form prescribed by Franchisor and must contain the data specified by Franchisor. If Applicant obtained the Site Analysis prior to the Effective Date, Franchisor will accept such Site Analysis in satisfaction of Applicant’s obligation, provided the Site Analysis was prepared as of a date reasonably acceptable to Franchisor and by a vendor designated or approved by Franchisor. Applicant will provide a copy of the Site Analysis and all updates and amendments thereto promptly to Franchisor after Applicant’s receipt of the same. If Applicant wishes to utilize the services of any person or Entity other than Franchisor’s designated vendor for the Site Analysis, then Applicant shall advance, or at Franchisor’s election reimburse Franchisor for, any and all costs and expenses incurred by Franchisor to assist Applicant or Applicant’s vendor in preparing the Site Analysis. In unusual cases, if Franchisor, in its sole discretion, determines that the type of site being proposed by Applicant is of a type which Franchisor’s designated vendor’s Site Analysis tools are not designed to evaluate effectively, Franchisor may waive the required Site Analysis or may otherwise modify the requirements or specifications of the Site Analysis.

(ii) Applicant understands the reliability and/or accuracy of the Site Analysis has not been validated and Franchisor (and its Affiliates) shall have no liability or responsibility to Applicant by reason of Applicant’s use or reliance upon the Site Analysis, and

Applicant shall not assert any claim or demand against Franchisor (or its Affiliates) and shall hold them harmless on account of Applicant's use of the Site Analysis (regardless of any subsequent approval or disapproval by Franchisor of any site proposed by Applicant after having used the Site Analysis).

(iii) Although Franchisor believes it has taken prudent and reasonable steps to evaluate its designated vendor's theories and approach to site evaluation and the reliability and/or accuracy of the Site Analysis, there are no assurances now or in the future that the program is or will be accurate and/or will provide a reliable methodology for gauging the potential success or failure of any particular site or restaurant.

(iv) Further, it is Franchisor's belief that no site evaluation tool, including the Site Analysis, can replace the human judgment of Applicant or their real estate professional. Franchisor strongly recommends that all sites be reviewed by Applicant and an appropriate real estate professional prior to the execution of a lease or purchase of a real estate location.

(v) ALL USE BY APPLICANT OF THE SITE ANALYSIS IS PROVIDED "AS IS" AND FRANCHISOR (AND ITS AFFILIATES) AND THEIR PROVIDERS MAKE NO WARRANTY (1) AS TO ITS ACCURACY OR COMPLETENESS, (2) AS TO APPLICANT'S RESULTS, OR (3) THAT THE SITE ANALYSIS WILL BE ERROR FREE, OR ANY OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE WARRANTY AS TO PERFORMANCE, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.

(b) Franchisor may seek such additional information as it deems necessary. Applicant shall respond promptly to such request for additional information. If Franchisor shall not deliver written notice to Applicant that Franchisor accepts a proposed site, within 30 days of receipt of Applicant's Real Estate Site Evaluation Package, or within 10 days after receipt of such additional requested information, whichever is later, the site shall be deemed rejected. If Franchisor accepts a proposed site it shall notify Applicant in writing of its acceptance of the site ("**Acceptance**"), which Acceptance shall be subject to Applicant entering into a final lease or purchase agreement, and such other conditions as Franchisor may impose. Franchisor's rejection of any site(s) shall not effect, reduce or otherwise alter Applicant's obligation to satisfy the Development Obligation.

(c) Franchisor will make up to two trips to the Development Area, at no additional charge, to evaluate proposed locations for which Real Estate Site Evaluation Packages have been submitted. Thereafter, if any additional trip to the Development Area is deemed necessary or appropriate by Franchisor, in its discretion, to conduct an on-site evaluation, Applicant shall on demand reimburse, and at Franchisor's option advance, all reasonable expenses incurred by Franchisor, or which Franchisor estimates will be incurred, in connection with such on-site evaluation, including, the costs of travel, lodging and meals.

(d) Applicant must use a real estate broker that designate or otherwise approve in writing by Franchisor to assist Applicant to locate the premises and negotiate a lease or purchase agreement for each of Applicant's proposed sites. Promptly following Applicant's receipt of Acceptance, Applicant shall proceed to negotiate a lease or purchase agreement for the site to which the Acceptance relates. Applicant's entering into any lease or purchase agreement for a site that

Franchisor has not issued its Acceptance is at Applicant's sole discretion and at Applicant's sole risk. Applicant shall submit the proposed lease or real estate purchase agreement to Franchisor within 60 days after Acceptance. Franchisor shall provide notice to Applicant of its acceptance or rejection of the proposed lease or real estate purchase agreement within fifteen (15) business days after receipt thereof. A proposed lease shall include, among other items, the following terms and conditions:

(i) The initial term of the lease, or the initial term together with any renewal terms, shall be for not less than fifteen (15) years;

(ii) The premises shall be used solely for the operation of a Restaurant;

(iii) The landlord's consent to Applicant's use of such proprietary marks and signage as Franchisor may prescribe for a Restaurant;

(iv) The landlord shall furnish Franchisor with copies of any and all letters and notices sent to Applicant pertaining to the lease and the premises, at the same time that such letters and notices are sent to Applicant;

(v) Applicant shall not sublease or assign all or any part of Applicant's rights under the lease, or extend the terms of or renew the lease, without Franchisor's prior written consent;

(vi) 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 a Franchise Agreement; and

(vii) Franchisor shall have the option to assume all of Applicant's rights under the lease, including the right to assign or sublease, for all or any span of the remaining term of the lease, upon Applicant's default or termination under such lease or under the Franchise Agreement. Concurrently with the execution of the lease, Applicant shall execute a conditional assignment, in a form designated by Franchisor, assigning all Applicant's rights under the lease to Franchisor upon such termination of the lease or the applicable Franchise Agreement.

(e) Upon Franchisor's demand, Applicant shall reimburse Franchisor for its direct and indirect costs (including the reasonable value of Franchisor's employees and its Affiliates employees) incurred in connection with Franchisor's review and acceptance of Applicant's proposed lease or real estate purchase agreement, up to a maximum of \$2,500 per lease or purchase agreement reviewed. Franchisor's review and acceptance of a lease or purchase agreement, as the case may be, is solely for Franchisor's benefit and, acceptance thereof is solely an indication that the lease or purchase agreement, as the case may be, meets Franchisor's minimum standards and specifications at the time of acceptance of the lease or purchase agreement, as the case may be (which may be different than the requirements of this Agreement). Such review and acceptance shall not be construed as any express or implied representation or warranty that an accepted lease or purchase agreement, as the case may be, complies with applicable law or represents a transaction that is fair or is in Applicant's best interest.

(f) Although Franchisor may voluntarily (without obligation) assist Applicant in locating an acceptable site for a Restaurant, neither Franchisor's said assistance, if any, nor its

acceptance of any proposed site, whether initially proposed by Applicant or by Franchisor, shall be construed to insure or guarantee the profitable or successful operation of the Restaurant at that site by Applicant, and Franchisor hereby expressly disclaims any responsibility for the profitability or success of the Restaurant. Applicant acknowledges that it is its sole responsibility to find each site for the Restaurants it develops pursuant to this Agreement.

## **6.2 Delivery of Franchise Disclosure Document, Execution of Lease and Franchise Agreement**

(a) Subject to **Section 6.3**, after Acceptance of each proposed site, Franchisor shall deliver to Applicant a copy of Franchisor's Then-current Franchise Disclosure Document if and as may be required by Applicable Law (the "**Franchise Disclosure Document**") and two copies of the Then-current Franchise Agreement. Immediately upon receipt of the Franchise Disclosure Document, Applicant shall return to Franchisor a signed copy of the Acknowledgment of Receipt of the Franchise Disclosure Document and Acknowledgment of Receipt of the Franchise Agreements. Applicant acknowledges that the new Franchise Agreement may vary substantially from the current Franchise Agreement. If Franchisor is not legally able to deliver a Franchise Disclosure Document to Applicant by reason of any lapse or expiration of its franchise registration, or because Franchisor is in the process of amending any such registration, or for any reason beyond Franchisor's reasonable control, Franchisor may delay Acceptance of the site for Applicant's proposed Restaurant, or delivery of a Franchise Agreement, until such time as Franchisor is legally able to deliver a Franchise Disclosure Document.

(b) Within 30 days after Applicant's receipt of the Franchise Disclosure Document and the Then-current Franchise Agreement, but no sooner than immediately after any applicable waiting periods prescribed by Applicable Law have passed, Applicant shall (1) execute a lease or real estate purchase agreement in the form accepted by Franchisor, and (2) after execution of the lease or purchase agreement, execute two copies of the Franchise Agreement described in the Franchise Disclosure Document and return them to Franchisor together with the applicable fees. If Applicant has so executed and returned the copies and initial franchise fee and has satisfied the conditions set forth in **Section 6.3** and Franchisor has issued the Acceptance, Franchisor shall execute the copies and return one fully executed copy of such Franchise Agreement to Applicant.

(c) Applicant acknowledges that under Applicable Law Applicant may not pay any consideration or execute any binding agreement in anticipation of signing a Franchise Agreement unless Applicant shall have received a copy of Franchisor's most recent franchise disclosure document at least 10 business days (14 calendar days in Illinois), and a copy of the execution-ready Franchise Agreement at least 5 business days, prior thereto. In addition, until Acceptance of a proposed site Franchisor's delivery of a Franchise Agreement for the accepted site, fully executed by all parties, Applicant should not sign any lease, purchase agreement or other binding agreement for the site unless Applicant independently determines that leasing or purchasing the site is in Applicant's best interest regardless whether Franchisor issues its Acceptance or executes a Franchise Agreement for the site, and not in reliance upon any prospective approval of Franchisor, and Applicant's doing so is at Applicant's sole discretion and at Applicant's sole risk.

### **6.3 Condition Precedent to Franchisor's Obligations**

It shall be a condition precedent to Franchisor's obligations pursuant to **Sections 6.1 and 6.2**, and to Applicant's right to develop each and every Restaurant, that Applicant shall have satisfied all of the following conditions precedent prior to Franchisor's acceptance of the proposed Restaurant and the site and lease or purchase agreement therefor, and the Franchisor's execution of the Franchise Agreement therefor:

(a) Applicant shall have fully performed all of its obligations under this Agreement and all Franchise Agreements and other written agreements between Franchisor and Applicant, and must not at any time following Applicant's submission of its Real Estate Site Evaluation Package, and until Franchisor grants its acceptance of the proposed site, be in default of any of its contractual or other legal obligations to Franchisor or any of its Affiliates, or any approved vendor or supplier, or to any federal, state, county or municipal agency.

(b) Applicant shall have demonstrated to Franchisor, in Franchisor's discretion, Applicant's financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement. In determining if Applicant is financially or otherwise capable, Franchisor shall apply the same criteria to Applicant as it applies to prospective Applicants at that time.

(c) Unless Franchisor shall have consented in writing, Applicant shall not have ceased to operate any Restaurant previously opened to the public in the Development Area.

(d) Applicant, and each of its Affiliates who then has a currently effective franchise agreement or multi-unit restaurant agreement with Franchisor, must sign a general release of any claims they may have against Franchisor and its Affiliates which may be lawfully released, on a form prescribed by Franchisor.

## **7.**

### **ASSIGNMENT AND SUBFRANCHISING**

#### **7.1 Assignment by Franchisor**

This Agreement is fully transferable by Franchisor, in whole or in part, without the consent of Applicant and shall inure to the benefit of any transferee or their legal successor to Franchisor's interests herein; provided, however, that such transferee and successor shall expressly agree to assume Franchisor's obligations under this Agreement. Without limiting the foregoing, Franchisor may (i) assign any or all of its rights and obligations under this Agreement to an Affiliate; (ii) sell its assets, its marks, or its System outright to a third party; (iii) engage in a public offering of its securities; (iv) engage in a private placement of some or all of its securities; (v) merge, acquire other corporations, or be acquired by another corporation; or (vi) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring. Franchisor shall be permitted to perform such actions without liability or obligation to Applicant who expressly and specifically waives any claims, demands or damages arising from or related to any or all of the above actions (or variations thereof).

#### **7.2 No Subfranchising by Applicant**

Applicant shall not offer, sell, or negotiate the sale of "FATBURGER®" franchises to any third party, either in Applicant's own name or in the name and/or on behalf of Franchisor, or

otherwise subfranchise, subcontract, sublicense, share, divide or partition this Agreement, and nothing in this Agreement will be construed as granting Applicant the right to do so. Applicant shall not execute any Franchise Agreement with Franchisor, or construct or equip any Restaurant with a view to offering or assigning such Franchise Agreement or Restaurant to any third party.

### **7.3 Assignment by Applicant**

(a) Applicant understands and acknowledges that the rights and duties set forth in this Agreement are personal to Applicant. This Agreement has been entered into by Franchisor in reliance upon and in consideration of the singular individual or collective character, reputation, skill attitude, business ability, and financial capacity of Applicant, or if applicable, its Owners. Accordingly, neither Applicant nor any Owner (other than Franchisor, if applicable) shall effect an Assignment without Franchisor's prior written consent, which consent may be withheld for any reason whatsoever in Franchisor's judgment. Any purported Assignment, transfer or encumbrance, by operation of law or otherwise, not having the written consent of Franchisor required by this Section will be null and void and will constitute a material breach of this Agreement. Applicant acknowledges and agrees that it will not be permitted to make an Assignment of this Agreement or sell, gift, convey, assign or transfer the assets used in any of the Restaurants developed hereunder or any Franchise Agreement executed pursuant to this Agreement except in conjunction with a concurrent assignment to the same approved assignee of all of the assets used in all of said Restaurants, including Applicant's lease or fee interest in the real estate underlying the Restaurant and all of the Franchise Agreements (and assets used in those Restaurants) executed pursuant to this Agreement, or at Franchisor's election the execution by the assignee of new Franchise Agreements and, on Franchisor's Then-current forms for each of the Restaurants then developed or under development by Applicant, and otherwise in accordance with the terms and conditions of Applicant's Franchise Agreement(s). Applicant shall promptly provide Franchisor with written notice (stating such information as Franchisor may from time to time require) of each and every transfer, assignment and encumbrance by any Owner of any direct or indirect Equity or voting rights in Applicant, notwithstanding that the same may not constitute an "Assignment."

(b) Applicant shall not, directly or indirectly, pledge, encumber, hypothecate or otherwise grant any third party a security interest in this Agreement in any manner whatsoever without the prior express written consent of Franchisor. To the extent that the foregoing prohibition may be ineffective under Applicable Law, Applicant shall provide not less than 10 days prior written notice (which notice shall contain the name and address of the secured party and the terms of such pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement.

## 8. TERMINATION

### 8.1 Termination Pursuant to a Default of this Agreement

(a) Subject to Applicable Law to the contrary, this Agreement may be terminated by Franchisor in the event of any Default by Applicant of this Agreement, unless such Default is cured by Applicant within 5 days following written notice of the Default (in the case of a failure to pay money), or 20 days following written notice of the Default (in the case of any other Default); provided that in the case of a Default by Applicant (or its Affiliate) under any Franchise Agreement or other written agreement, the notice and cure provisions of the Franchise Agreement or other agreement shall control, and provided, further, however, that any Default described in **Sections 8.1(b)(i), (ii), (iii) or (vi)** below shall be deemed incurable.

(b) The term “default”, as used herein, includes the following:

(i) Any breach or violation of **Section 7.2** of this Agreement.

(ii) Any Assignment or attempted Assignment in violation of the terms of **Section 7.3** of this Agreement, or without the written consents required pursuant to this Agreement.

(iii) Subject to **Section 3.2** of this Agreement, failure of Applicant to satisfy the original Development Obligation hereunder (without regard to the provisions of **Section 3.1(c)**) for 2 consecutive Development Periods.

(iv) Failure of Applicant to pay any fee in a timely manner as required by this Agreement or any Franchise Agreement signed by Applicant.

(v) Applicant’s opening of any Restaurant in the Development Area except in strict accordance with the procedures set forth in **Sections 6.1** through **6.3** of this Agreement.

(vi) Any Default of any other agreement between Applicant (or any Affiliate of Applicant) and Franchisor (or any Affiliate of Franchisor), including any Franchise Agreement executed pursuant hereto.

## 9. CONFIDENTIALITY; NON-COMPETITION

### 9.1 Confidentiality

Franchisor may disclose certain of its Trade Secrets to Applicant and, as applicable, its officers, directors, managers, and employees with a need to know such Trade Secrets. Each such person shall acquire no interest in the Trade Secrets other than the right to use them in developing Restaurants pursuant to this Agreement during the Term. The duplication or use of the Trade Secrets in any other endeavor or business shall constitute an unfair method of competition. Applicant and, as applicable, its officers, directors, managers, and employees shall: (i) not use the Trade Secrets in any business or other endeavor other than in connection with developing Restaurants pursuant to this Agreement; (ii)

maintain absolute confidentiality of the Trade Secrets during and after the Term of this Agreement; and (iii) make no unauthorized copy of any portion of the Trade Secrets, whether written or oral. Applicant shall implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use and disclosure of the Trade Secrets, including, implementing restrictions and limitations as Franchisor may prescribe on disclosure to employees. Nothing in this Agreement or any other agreement between Franchisor and Applicant shall limit Applicant's ability to consult with any tax advisor regarding tax issues pertaining to the operation of the Restaurant.

## **9.2 Non-Competition**

(a) During the Term, no Restricted Person shall in any capacity, either directly or indirectly, through one or more Affiliates or otherwise, engage in any Competitive Activities at any location, whether within or outside the Development Area, unless Franchisor shall consent thereto in writing.

(b) To the extent permitted by Applicable Law, upon (i) the expiration or termination of this Agreement, (ii) the occurrence of any Assignment, or (iii) the cession of any Restricted Person's relationship with Applicant, each person who was a Restricted Person before such event shall not for a period of 2 years thereafter, either directly or indirectly, through one or more Affiliates, engage in any Competitive Activities within the Development Area, without the Franchisor's prior written consent. In applying for such consent, Applicant will have the burden of establishing that any such activity by it will not involve the use of benefits provided under this Agreement or constitute unfair competition with Franchisor or other franchisees or Applicants of the Franchisor.

(c) (i) The parties have attempted in **Sections 9.2(a)** and **(b)** above to limit Applicant's right to compete only to the extent necessary to protect the Franchisor from unfair competition. The parties hereby expressly agree that if the scope or enforceability of **Sections 9.2(a)** and **(b)** is disputed at any time by Applicant, a court or arbitrator, as the case may be, may modify either or both of such provisions to the extent that it deems necessary to make such provision(s) enforceable under Applicable Law. In addition, Franchisor reserves the right to reduce the scope of either, or both, of said provisions without Applicant's consent, at any time or times, effective immediately upon notice to Applicant.

(ii) In view of the importance of the Franchisor's trademarks, trade names, service marks, logotypes, insignias, trade dress and designs and the incalculable and irreparable harm that would result to the parties in the event of a Default under this **Section 9.2**, the parties agree that each party may seek specific performance and/or injunctive relief to enforce the covenants and agreements in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity. Each party submits to the exclusive jurisdiction of the courts of the State of California and the U.S. federal courts sitting in Los Angeles, California for purposes thereof. The parties agree that venue for any such proceeding shall be the state and federal courts located in Los Angeles, California.

## **10. GENERAL CONDITIONS AND PROVISIONS**



### **10.1 Relationship of Applicant to Franchisor**

It is expressly agreed that the parties intend by this Agreement to establish between Franchisor and Applicant the relationship of franchisor and Applicant. It is further agreed that Applicant has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Applicant is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Applicant agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Franchisor. All employees hired by or working for Applicant shall be the employees of Applicant and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

### **10.2 Indemnity by Applicant**

Applicant hereby agrees to protect, defend and indemnify Franchisor, and all of its past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or in connection with Applicant's construction, development or operation of Restaurants, except to the extent caused by intentional acts of the Franchisor in breach of this Agreement. The terms of this **Section 10.2** shall survive the termination, expiration or cancellation of this Agreement.

### **10.3 No Consequential Damages For Legal Incapacity**

Franchisor shall not be liable to Applicant for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Applicant by reason of any delay in the delivery of Franchisor's Franchise Disclosure Document caused by legal incapacity during the Term, or other conduct not due to the gross negligence or intentional misfeasance of Franchisor.

### **10.4 Waiver and Delay**

No waiver by Franchisor of any Default or Defaults, or series of Defaults in performance by Applicant, and no failure, refusal or neglect of Franchisor to exercise any right, power or option given to it hereunder or under any Franchise Agreement or other agreement between Franchisor and Applicant, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Restaurants), or to insist upon strict compliance with or performance of Applicant's obligations under this Agreement or any Franchise Agreement or other agreement between Franchisor and Applicant, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Restaurants), shall constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

## 10.5 Survival of Covenants

The covenants contained in this Agreement which, by their nature or terms, require performance by the parties after the expiration or termination of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

## 10.6 Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and shall be binding upon and inure to the benefit of Applicant and his or their respective, heirs, executors, administrators, and its successors and assigns, subject to the prohibitions and restrictions against Assignment contained herein.

## 10.7 Joint and Several Liability

If Applicant consists of more than one person or Entity, or a combination thereof, the obligations and liabilities of each of such person or Entity to Franchisor are joint and several, and such person(s) or Entities shall be deemed to be general partnership

## 10.8 Governing Law

The parties acknowledge that a substantial portion of performance under this Agreement will take place in California. Therefore, the parties agree that the laws of California (without giving effect to any conflict of laws) shall govern enforcement of this Agreement, excepting, however, the provisions of **Sections 9.2(a)** and **(b)** (and to the extent applicable, **Section 9.2(c)**) respecting Non-Competition Covenants which shall be governed in accordance with the laws of the State where the Default of said section occurs.

## 10.9 Dispute Resolution

(a) Except for a claim with respect to: (a) ownership or use of Franchisor's trademarks, service marks, trade names, logos, symbols and other proprietary symbols, (b) enforcement of **Section 9** hereof, or (c) monies owed by Applicant to Franchisor, any claim or controversy arising out of or related to this Agreement or the making, performance, or interpretation thereof will be conducted before and in accordance with (a) the then prevailing commercial rules of the American Arbitration Association ("**AAA**"), or at Franchisor's option, (b) the Rules of Practice and Procedure of Judicial Arbitration & Mediation Services, Inc. ("**JAMS**") (AAA and JAMS, as applicable are referred to below as the "**Arbitration Association**"). Applicant and Franchisor will each appoint one arbitrator from a list of arbitrators provided by the Arbitration Association, and those two arbitrators will appoint a third arbitrator from such list. The three arbitrators will determine facts, apply the Applicable Law, and award compensatory damages, but not punitive damages, which are hereby waived by Applicant and Franchisor. All arbitration proceedings will take place in the county in which Franchisor's headquarters is located. Each party to the arbitration will bear such party's own legal fees and expenses, and the fees and expenses of the Arbitration Association and the arbitrators will be paid by such party or parties as the arbitrators determine. The award made by the arbitrators will be binding and final on the parties to such proceedings, and will not be subject to review by a court of law; but that judgment upon the award may be entered in a court having jurisdiction thereof, or application may be made to such court for a judicial acceptance of the award or an order of enforcement. All arbitration proceedings and claims shall be filed and prosecuted

separately and individually in the name of Applicant and Franchisor, and not in any representative capacity, and shall not be joined or consolidated with claims asserted by or against any other licensee, Applicant or area developer. The arbitration and the parties' agreement therefor shall be deemed to be self-executing, and if either party fails to appear at any properly-noticed arbitration proceeding, an award may be entered against such party despite said failure to appear. The arbitral decision shall be binding and conclusive on the parties. All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U.S.C. § 1 et seq.), notwithstanding any provision of this Agreement specifying the state law under which this Agreement shall be governed and construed.

(b) Unless prohibited by Applicable Law, any legal action or proceeding (including mediation or arbitration) brought or instituted by Applicant with respect to any dispute arising from or related to this Agreement, any breach of the terms of this Agreement, or the relationship between the parties hereto must be brought or instituted within a period of one (1) year from the date of discovery of the conduct or event that is the basis of the legal action or proceeding. Applicant agrees to be bound by the provisions of the limitation on the period of time in which claims must be brought under Applicable Law or this Agreement, whichever expires earlier. Applicant further agrees that, in connection with any arbitration proceeding conducted hereunder, Applicant must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the federal rules of civil procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed as described above shall be forever barred.

(c) No right or remedy conferred upon or reserved to Franchisor or Applicant by this Agreement is intended to be, nor will be, deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each will be cumulative of every other right or remedy.

(d) Nothing herein contained will bar Franchisor's right to obtain 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.

(e) Applicant will pay to Franchisor all damages, costs, and expenses, including attorneys' fees, incurred by Franchisor in enforcing any provision of this Agreement, including without limitation the obtaining of injunctive relief.

#### **10.10 Entire Agreement**

This Agreement and the Exhibits incorporated herein contain all of the terms and conditions agreed upon by the parties hereto concerning the subject matter hereof. No other agreements concerning the subject matter hereof, written or oral, shall be deemed to exist or to bind any of the parties hereto and all prior agreements, understandings and representations, are merged herein and superseded hereby. Except as set forth in the Franchise Disclosure Document, Applicant represents that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained herein. No officer or employee or agent of Franchisor has any authority to make any representation or promise not included in this Agreement or any Franchise Disclosure Document for prospective franchisees required by Applicable Law, and Applicant agrees that it has executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto. Notwithstanding the foregoing, nothing in this or any related Agreement is

intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

#### **10.11 Titles for Convenience**

Article and paragraph titles used this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

#### **10.12 Gender and Construction**

The terms of all Exhibits hereto are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full herein. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section hereof may require. As used in this Agreement, the words “include,” “includes” or “including” are used in a non-exclusive sense. Unless otherwise expressly provided herein to the contrary, any consent, approval, acceptance or authorization of Franchisor which Applicant may be required to obtain hereunder may be given or withheld by Franchisor in its sole discretion, and on any occasion where Franchisor is required or permitted hereunder to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Franchisor’s standards or satisfaction, Franchisor may do so in its sole subjective judgment and discretion. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against the drafter hereof, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto. Franchisor and Applicant intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

#### **10.13 Severability, Modification**

Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

#### **10.14 Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

**10.15 Fees and Expenses**

Should any party hereto commence any action or proceeding for the purpose of enforcing, or preventing the Default of, any provision hereof, whether by arbitration, judicial or quasi-judicial action or otherwise, or for damages for any alleged Default of any provision hereof, or for a declaration of such party’s rights or obligations hereunder, then the prevailing party shall be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including reasonable attorneys’ fees for the services rendered to such prevailing party.

**10.16 Notices**

Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand, one business day after transmission by facsimile with copy also sent by Email or other electronic system expressly approved in the Manuals as appropriate for delivery of notices hereunder (with confirmation copy sent by regular U.S. mail), or 3 business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

Notices to Franchisor:

Fatburger North America, Inc.  
9720 Wilshire Boulevard Suite 500  
Beverly Hills, California 90212  
Attn: Chief Executive Officer and Chief Financial Officer  
email: [CEO@fatburger.com](mailto:CEO@fatburger.com) and [CFO@fatburger.com](mailto:CFO@fatburger.com)

Notices to Applicant:

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

Any notice sent or delivered as aforesaid will be deemed to have been given at the date and time of receipt or attempted delivery.

**11.  
SUBMISSION OF AGREEMENT**

**11.1 General**

The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Franchisor and Applicant.

**12.  
APPLICANT**

## 12.1 Entity Applicant Information

If Applicant is an Entity, Applicant represents and warrants that the information set forth in **Exhibit C** which is annexed hereto and by this reference made a part hereof, is accurate and complete in all material respects. Applicant shall notify Franchisor in writing within 10 days of any change in the information set forth in **Exhibit C**, and shall submit to Franchisor a revised **Exhibit C**, which shall be certified by Applicant as true, correct and complete and upon acceptance thereof by Franchisor shall be annexed to this Agreement as **Exhibit C**. Applicant promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Applicant, including providing copies of all amendments to Applicant “Entity Documents” as defined in **Exhibit C**. Applicant shall conduct no business other than the business contemplated hereunder and under any currently effective Franchise Agreement between Franchisor and Applicant. The Entity Documents of Applicant shall recite that the issuance and transfer of any interest therein is subject to the restrictions set forth in the Agreement and any Franchise Agreement executed pursuant thereto.

## 12.2 Business Practices

(a) Neither Applicant nor any of its Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act, as amended, and any amendments or successors thereto.

(b) Neither Applicant, any of its Owners nor any employee of either of them is named as a “Specially Designated Nationals” or “Blocked Persons” as designated by the U.S. Department of the Treasury’s Office of Foreign Assets Control. Currently, this list is published under the internet website address “[www.treas.gov/offices/enforcement/ofac/sdn/](http://www.treas.gov/offices/enforcement/ofac/sdn/)”. Applicant is neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo. Nor does Applicant or its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. Applicant agrees that Applicant will notify Franchisor in writing immediately of the occurrence of any event, which renders the foregoing representations and warranties of this paragraph incorrect.

(c) Applicant represents that it understands and has been advised by legal counsel on the requirements of the applicable laws referred to above, including the United States Foreign Corrupt Practices Act (currently located at [www.usdoj.gov/criminal/fraud/fcpa.html](http://www.usdoj.gov/criminal/fraud/fcpa.html)), as amended, any local foreign corrupt practices laws, and the USA Patriot Act of 2001, as amended, and hereby acknowledges the importance to Franchisor and the parties’ relationship of Applicant’s compliance with any applicable auditing requirements and any requirement to report or provide access to information to Franchisor or any government, that is made part of any Applicable Law. Applicant must take all reasonable steps to require its consultants, agents and employees to comply with such laws prior to engaging or employing any such persons.

## 12.3 Guaranty

All present and future Owners of a 10% or more (directly or indirectly), in the aggregate, of the Equity or voting rights in Applicant, will execute a written guaranty substantially in the form attached hereto as **Exhibit D**, personally, irrevocably and unconditionally guaranteeing, jointly and

severally, with all other guarantors, the full payment and performance of Applicant's obligations to Franchisor and to Franchisor's Affiliates. For purposes of determining whether said 10% threshold is satisfied, holdings of spouses (and family members who live in the same household) and Affiliates shall be aggregated. Upon each transfer or assignment of an interest in Applicant, or other change in ownership interests in Applicant, and at any other time upon Franchisor's request, said holders shall re-execute a written guaranty substantially in the form attached hereto as **Exhibit D**, or in such other form prescribed by Franchisor.

**13.**  
**ACKNOWLEDGMENT**

**13.1 General**

(a) Applicant acknowledges that it has carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, that it has obtained the advice of counsel in connection with entering into this Agreement, that it understands the nature of this Agreement, and that it intends to comply herewith and be bound hereby. Except as set forth in the Franchise Disclosure Document, if any such representation was made, Franchisor expressly disclaims making, and Applicant acknowledges that it or they have not received or relied on any warranty or guarantee, express or implied, as to the potential volume, profits, expenses, or success of the business venture contemplated by this Agreement.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the first date set forth above.

ACCEPTED on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

FATBURGER NORTH AMERICA INC.  
a Delaware corporation

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

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**Exhibit A**  
**DEVELOPMENT AREA**

The Development Area\* is defined as the territory within the boundaries described below:

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\* If the Development Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Development Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.

**EXHIBIT B  
DEVELOPMENT OBLIGATIONS**

DEVELOPMENT PERIOD ENDING	CUMULATIVE NO. OF RESTAURANTS TO BE IN OPERATION
1	
2	
3	
4	
5	

Total Development Obligation: \_\_\_\_\_ (subject to reduction and forfeiture in accordance with **Section 3.1**).

FATBURGER NORTH AMERICA INC.  
a Delaware corporation

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

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT C**  
**Entity Information**

Applicant represents and warrants that the following information is accurate and complete in all material respects:

- (i) Applicant is a (check as applicable):
  - corporation
  - limited liability company
  - general partnership
  - limited partnership
  - Other (specify): \_\_\_\_\_

(ii) Applicant shall provide to Franchisor concurrently with the execution hereof true and accurate copies of its charter documents including Articles of Incorporation, Bylaws, Operating Agreement, Regulations Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing (“**Entity Documents**”).

(iii) Applicant promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Applicant.

(iv) The name and address of each of Applicant’s owners, members, or general and limited partner:

NAME	PERCENTAGE	ADDRESS	NUMBER OF SHARES OR INTEREST
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(v) There is set forth below the names, and addresses and titles of Applicant’s principal officers or partners who will be devoting their full time to the Business:

NAME	ADDRESS
_____	_____
_____	_____
_____	_____

(vi) The address where Applicant’s Financial Records, and Entity Documents are maintained is:  
\_\_\_\_\_

**EXHIBIT D**  
**GUARANTY, INDEMNIFICATION, AND ACKNOWLEDGMENT**

As an inducement to Fatburger North America, Inc. (“**Franchisor**”) to execute the Multi-Unit Restaurant Agreement between Franchisor and \_\_\_\_\_ (“**Applicant**”) dated \_\_\_\_\_, 20\_\_ (the “**Agreement**”), the undersigned, jointly and severally, hereby unconditionally and irrevocably guarantee to Franchisor and its successors and assigns, the prompt full payment and performance of all obligations of Applicant that are or may become due and owing to Franchisor or its affiliates, including, but not limited to, all obligations arising out of the Agreement or any other agreement between the parties and all extensions or renewals of it in the same manner as if the Agreement was signed between Franchisor or its affiliate. and the undersigned directly, as Applicant.

Upon demand by Franchisor, the undersigned will immediately make each payment and perform each obligation required of Applicant under the Agreement. The undersigned hereby waive any right to require Franchisor to: (a) proceed against Applicant or any other guarantor for any payment required under the Agreement; (b) proceed against or exhaust any security from Applicant or any other guarantor; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Applicant or any other guarantor. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Applicant, or settle, adjust, or compromise any claims against Applicant. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Applicant, and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned expressly waive notice of the acceptance by Franchisor to or for the benefit of Applicant, of the purchase of inventory and goods by Applicant, the maturing of bills and the failure to pay the same, the incurring by Applicant of any additional future obligations and liability to Franchisor, and any other notices and demands. This Guaranty will not be affected by the modification, extension, or renewal of any agreement between Franchisor and Applicant, the taking of a note or other obligation from Applicant or others, the taking of security for payment, the granting of an extension of time for payment, the filing by or against Applicant of bankruptcy, insolvency, reorganization or other debtor relief afforded Applicant under the Federal Bankruptcy Act or any other state or federal statute or by the decision of any court, or any other matter, whether similar or dissimilar to any of the foregoing; and this Guaranty will cover the terms and obligations of any modifications, notes, security agreements, extensions, or renewals. The obligations of the undersigned will be unconditional in spite of any defect in the validity of the Applicant’s obligations or liability to Franchisor, or any other circumstances whether or not referred to in this Guaranty that might otherwise constitute a legal or equitable discharge of a surety or guarantor.

Without limiting the generality of any other provision of this Guaranty, the undersigned hereby expressly waives: any defense, right of set-off, claim or counterclaim whatsoever and any and all other rights, benefits, protections and other defenses available to the undersigned now or at any time hereafter, including, without limitation, under California Civil Code Sections 2787 to 2855, inclusive, and Civil Code Sections 2899 and 3433, and all successor sections; and all other principles or provisions of law, if any, that conflict with the terms of this Guaranty, including, without limitation, the effect of any circumstances that may or might constitute a legal or equitable discharge of a guarantor or surety. The undersigned waives all rights and defenses arising out of an election of remedies. Without limiting the generality of the foregoing, the undersigned acknowledges that it has

been made aware of the provisions of California Civil Code Section 2856, has read and understands the provisions of that statute, has been advised by its counsel (or has had an opportunity to consult with counsel and has not availed itself of such opportunity) as to the scope, purpose and effect of that statute, and based thereon, and without limiting the foregoing waivers, the undersigned agrees to waive all suretyship rights and defenses available to the undersigned that are described in California Civil Code Section 2856(a).

The undersigned hereby agree to defend, indemnify, and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Applicant to perform any obligation of Applicant under the Agreement, any amendment thereto, or any other agreement executed by Applicant referred to therein.

This is a Guaranty of payment and performance and not of collection.

The undersigned hereby acknowledge and agree to be individually bound by all of the covenants contained in **Section 9** of the Agreement.

The undersigned agree that any current or future indebtedness by the Applicant to the undersigned will always be subordinate to any indebtedness owed by Applicant to Franchisor. The undersigned will promptly modify any financing statements on file with state agencies to specify that Franchisor's rights are senior to those of the undersigned. The undersigned further agree that as long as the Applicant owes any money to Franchisor (other than royalty and advertising fund payments that are not past due) the Applicant will not pay and the undersigned will not accept payment of any part of any indebtedness owed by Applicant to any of the undersigned, either directly or indirectly, without the consent of Franchisor.

This Guaranty will terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination will remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement will remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor will be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guaranty will have the same meaning as in the Agreement, and will be interpreted and construed in accordance with **Sections 10.8** and **10.9** of the Agreement. This Guaranty will be interpreted and construed under the laws of the State of California. In the event of any conflict of law, the laws of California will prevail, without regard to, and without giving effect to, the application of the State of California conflict of law rules.

Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand, one business day after transmission by facsimile with copy also sent by Email or other electronic system expressly approved in the Manuals as appropriate for delivery of notices hereunder (with confirmation copy sent by regular U.S. mail), or 3 business days after placement in

the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

**Notices to Franchisor:**

Fatburger North America, Inc.  
9720 Wilshire Boulevard Suite 500  
Beverly Hills, California 90212  
Attn: Chief Executive Officer and Chief Financial Officer  
email: [CEO@fatbrands.com](mailto:CEO@fatbrands.com) and [CFO@fatbrands.com](mailto:CFO@fatbrands.com)

**Notices to Guarantors:**

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Any party may change his or its address by giving 10 days prior written notice of such change to all other parties.

**IN WITNESS WHEREOF**, each of the undersigned has signed this Guaranty as of the date of the Agreement.

“GUARANTORS”

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

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

## EXHIBIT E DEFINITIONS

In this Agreement, the following capitalized terms shall have the meanings set forth below, unless the context otherwise requires:

“**Acceptance**” shall have the meaning set forth in **Section 6.1(b)** of this Agreement.

“**Affiliate**” when used herein in connection with Franchisor or Applicant, includes each person or Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Franchisor or Applicant, as applicable, except, that if Franchisor or any Affiliate of Franchisor has any ownership interest in Applicant, an Affiliate of Applicant (or a similar phrase) shall not include or refer to Franchisor and no obligation or restriction upon “Applicant” or its Affiliates shall bind Franchisor or its officers, directors, or managers. Without limiting the foregoing, the term “Affiliate” when used herein in connection with Applicant includes any Entity 10% or more of whose Equity or voting control, is held by person(s) or Entities who, jointly or severally, hold 10% or more of the Equity or voting control of Applicant. For purposes of this definition, control of a person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise.

“**Applicable Law**” means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority and , governing the operation of a Restaurant, including all labor, immigration, disability, food and drug laws and regulations, as in effect on the Effective Date hereof, and as may be amended, supplemented or enacted from time to time.

“**Assignment**” means:

(i) the direct or indirect, voluntary or involuntary, sale, assignment, transfer, conveyance, gift, pledge, mortgage, hypothecation, or encumbrance, in whole or in part, of:

(A) this Agreement, or

(B) all or any substantial portion of the assets of the Restaurant. or

(ii) the direct or indirect, voluntary or involuntary, sale, assignment, transfer, conveyance, gift, pledge, mortgage, or encumbrance of 10% or more, in the aggregate, whether in one or more transactions, of the Equity or voting power of Applicant, by operation of law or otherwise, or any other event(s) or transaction(s) which, directly or indirectly, effectively changes control of Applicant;

(iii) the issuance of any securities by Applicant which by itself or in combination with any other transaction(s) results in its Owners, as constituted on the Effective Date, owning, on an as-converted or as-exercised basis, less than 90% of the outstanding Equity or voting power of Applicant;

(iv) if Applicant is a Partnership, the resignation, removal, withdrawal, death or legal incapacity of a general partner or of any limited partner owning 10% or more, in the aggregate, whether in one or more transactions, of the Partnership Rights of the Partnership, or the admission of any

additional general partner, or the transfer by any general partner of any of its Partnership Rights in the Partnership, or any change in the ownership or control of any general partner;

(v) the death or legal incapacity of any Owner of Applicant owning 10% or more of the Equity or voting power of Applicant;

(vi) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of Applicant, however effected; or

(vii) incurring any indebtedness (including principal, interest, fees and charges) for borrowed money or for the deferred purchase price of goods or services, except indebtedness (including principal, interest, fees and charges) owed to Permitted Lenders, and except indebtedness owed in connection with the purchase of goods or services, in the ordinary course of Applicant's business, for use in or by the Restaurant and due and payable in full within 90 days of the date incurred.

**“Competitive Activities”** means to, own, operate, lend to, advise, be employed by, or have any financial interest in any restaurant that is the same as or similar to a Restaurant, other than a Restaurant operated pursuant to a validly subsisting franchise agreement with Franchisor. Notwithstanding the foregoing, “Competitive Activities” shall not include the direct or indirect ownership solely as an investment, of securities of any Entity which are traded on any national securities exchange if applicable owner thereof (i) is not a controlling person of, or a member of a group which controls, such Entity and (ii) does not, directly or indirectly, own 5% or more of any class of securities of such Entity.

**“Default”** or **“default”** means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

**“Development Area”** shall have the meaning set forth in **Section 2.1** of this Agreement.

**“Development Period”** means each of the time periods indicated on **Exhibit B** during which Applicant shall have the right and obligation to construct, equip, open and thereafter continue to operate Restaurants in accordance with the Development Obligation.

**“Development Obligation”** shall mean Applicant's right and obligation to construct, equip, open and thereafter continue to operate at sites within the Development Area the cumulative number of Restaurants set forth in **Exhibit B** hereto within each Development Period and, if applicable, within the geographic areas specified therein.

**“Entity”** means any limited liability company, Partnership, trust, association, corporation or other entity which is not an individual.

**“Equity”** means (i) capital stock, membership interests, Partnership Rights or other equity ownership interests of an Entity, and/or (ii) phantom equity, stock appreciation rights and similar rights.

**“Excluded Venue”** means a site, venue or location within another primary business or in conjunction with other businesses or at institutional settings, including, toll roads, highway travel plazas, hotels and motels, casinos and casino adjacent locations, airports, sports arena, stadiums, bus stations, train stations, theme parks, amusement facilities, military and other governmental facilities,



movie theaters, hospitals, grocery stores, supermarkets, convenience stores, schools, college and university campus, piers, gyms, offices or in-plant food service facilities, shopping mall food courts operated by a master concessionaire, and any site for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider.

“**Franchise Agreement**” means the form of agreement prescribed by Franchisor and used to grant to Applicant the right to own and operate a single Restaurant in the Development Area, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time.

“**Franchise Disclosure Document**” shall have the meaning set forth in **Section 6.2(a)**.

“**Force Majeure**” means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which Applicant could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority (including any failure, refusal or delay in issuing permits, licenses, certificates or other operating authority), nor the performance, non-performance or exercise of rights under any agreement with Applicant by any lender, landlord (including failure, delay or interruption in delivering the Restaurant premises or related common areas, or ingress, egress or access thereto), or other person shall be an event of Force Majeure hereunder, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. For the avoidance of doubt, Applicant’s financial inability to perform or Applicant’s insolvency shall not be an event of Force Majeure hereunder.

“**Governmental Authority**” means and include all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

“**Owner**” means any direct or indirect shareholder, member, general or limited partner, trustee, or other equity owner of an Entity, except, that if Franchisor or any Affiliate of Franchisor has any ownership interest in Applicant, the term “Owner” shall not include or refer to Franchisor or that Affiliate or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon “Applicant”, or its Owners shall bind Franchisor, said Affiliate or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers.

“**Partnership Rights**” means voting power, property, profits or losses, or partnership interests of a Partnership.

“**Partnership**” means any general partnership, limited partnership or limited liability partnership.

“**Permitted Lender**” means a (i) bank, savings institution, trust company, insurance company, or other licensed financial institution; or (ii) an Owner of Applicant as of the Effective Date for so long as such Owner remains an Owner of Applicant.

“**Restricted Person**” means Applicant, and each of its Owners and Affiliates, and the respective officers, directors, managers, and Affiliates of each of them, and the spouse and family members who live in the same household of each of the foregoing who are individuals.

“**System**” means Franchisor’s operating methods and business practices related to a Restaurant, and the relationship between Franchisor and its franchisees, including interior and exterior Restaurant design; other items of trade dress; specifications of equipment, fixtures, and uniforms; defined product offerings and preparation methods; standard operating and administrative procedures; restrictions on ownership; management and technical training programs; and marketing and public relations programs; all as Franchisor may modify the same from time to time.

“**Term**” shall have the meaning set forth in **Section 4.1** of this Agreement.

“**Trade Secrets**” means proprietary and confidential information of Franchisor, including, recipes, ingredients, specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies, and methods and techniques of developing and operating a Restaurant.

“**Then-current**” as used in this Agreement and applied to the Franchise Disclosure Document, a multi-unit restaurant agreement, or Franchise Agreement shall mean the form then currently provided by Franchisor to similarly situated prospective franchisees and applicants, or if not then being so provided, then such form selected by Franchisor in its discretion which previously has been delivered to and executed by a licensee or franchisee of Franchisor.

“**Venue**” means any site other than an Excluded Venue.

**EXHIBIT F**

**Confidentiality and Non-Competition Agreement**

## EB FRANCHISES, LLC

### CONFIDENTIALITY AND NON-COMPETITION AGREEMENT (for persons holding positions with franchisees)

In consideration of my position as \_\_\_\_\_ of \_\_\_\_\_ (the "Franchisee"), and One Dollar, receipt of which is acknowledged, I hereby acknowledge and agree that:

1. EB Franchises, LLC (the "Franchisor"), has developed a distinctive system relating to the establishment and operation of restaurants for the sale of hamburgers and related products, which are established and operated by others under Franchise Agreements with the Franchisor.

2. As \_\_\_\_\_ of the Franchisee, I will receive valuable confidential information, disclosure of which would be detrimental to the Franchisor and the Franchisee, such as information relating to promotion and advertising, pricing, sales, office and personnel policies and procedures; training programs; operation procedures related to site selection, accounting, suppliers, staffing, and operations. This list of confidential matters is illustrative only, and does not include all matters considered confidential by the Franchisor and the Franchisee.

3. I will hold in strict confidence all information designated by the Franchisor or the Franchisee as confidential, and I will disclose and/or use the confidential information only in connection with my duties as required by my position with the Franchisee. My undertaking not to disclose confidential information is a condition of my position with the Franchisee, and continues even after I cease to be in that position.

4. While in my position with the Franchisee, I will not do anything which may injure the Franchisee or the Franchisor, such as: (a) divert or attempt to divert actual or prospective customers to a competitor business selling competitive services; (b) employ or seek to employ anyone employed by the Franchisee, the Franchisor or other franchisees of the Franchisor; or (c) cause or encourage any employee of the Franchisee, the Franchisor or other franchisees of the Franchisor to leave his or her employment, other than in the normal course of my duties with the Franchisee.

5. While in my position with the Franchisee, and for two (2) years after I cease to be in that position, I will not own, operate, engage in, or have any interest in a restaurant similar to an Elevation Burger restaurant and which is located, or intended to be located, within a five mile radius of Franchisee's restaurant or any other Elevation Burger restaurant. This restriction does not apply to my ownership of less than a five percent (5%) beneficial interest in the outstanding securities of any publicly-held corporation.

6. The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisor and/or the Franchisee may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the

Franchisor and the Franchisee all the costs it (they) incur(s), including, without limitation, attorneys' fees, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisor and the Franchisee, any claim I have against the Franchisor or the Franchisee is a separate matter and does not entitle me to violate, or justify any violation of, this Agreement. If any part of this Agreement is held invalid by a court or agency, the rest of the Agreement is still enforceable and the part held invalid is enforceable to the extent found reasonable by the court or agency.

7. This Agreement shall be construed under the laws of the State in which the Franchisee's restaurant is located. The only way this Agreement can be changed is in a writing signed by both the Franchisee and me.

**Signature:** \_\_\_\_\_

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

**Address:** \_\_\_\_\_

\_\_\_\_\_  
**Position:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**ACKNOWLEDGED BY FRANCHISEE:**

**By:**

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

**Title:** \_\_\_\_\_

\_\_\_\_\_

**EXHIBIT G**

**Limited Liability Company Operating Agreement**

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**OPERATING AGREEMENT**

**OF**

[\_\_\_\_\_]

**(a Delaware Limited Liability Company)**

**Dated and Effective**

**as of**

[\_\_\_\_\_]

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**OPERATING AGREEMENT**  
**of**

[\_\_\_\_\_]

**(a Delaware Limited Liability Company)**

THIS OPERATING AGREEMENT, dated [\_\_\_\_\_] is made by and between EB Franchises, LLC, a Delaware limited liability (“EB”) and [\_\_\_\_\_] ([“\_\_\_\_\_”]), each a “Member” and together, the “Members”).

**ARTICLE 1. -- FORMATION**

**1.1 Certificate of Formation.** A Certificate of Formation was filed on [\_\_\_\_\_].

**1.2 Name.** The name of the limited liability company is [“\_\_\_\_\_”].

**1.3 Purpose.** The principal business activities of the Company are to purchase, hold, develop and operate one or more EB franchise restaurants (each, a “Restaurant”) and to engage in any activities directly or indirectly related or incidental thereto. However, the business and purposes of the Company shall not be limited to its principal business activities and the Company shall have authority to engage in any other lawful business, trade, purpose or activity permitted by the Act and shall possess and may exercise all of the powers and privileges granted by the Act together with any powers incidental thereto, so far as such powers or privileges are necessary or convenient to the conduct, promotion or attainment of the business, purposes or activities of the Company.

**1.4 Exercise and/or Transfer of Development Rights.** In connection with the exercise of any development rights with respect to any Restaurant, (other than the initial Restaurant), EB and [\_\_\_\_\_] shall form a separate limited liability company into which the development rights for such Restaurant shall be transferred for exercise. EB and [\_\_\_\_\_] agree to enter into an operating agreement with respect to such limited liability company with terms substantially identical to this Agreement.

**1.5 Term.** The Company shall have perpetual existence unless it is earlier dissolved in accordance with Article 8.

**1.6 Principal Place of Business.** The principal place of business of the Company shall be [\_\_\_\_\_]. The Manager may relocate the principal place of business or establish additional offices from time to time.

**1.7 Registered Office and Registered Agent.** The name of the registered agent and address of the registered office of the Company is as set forth in the Certificate. The Manager may cause the Company to change, from time to time, its resident agent for service of process, or the location of its registered office in Delaware.

## ARTICLE 2. -- DEFINITIONS

The following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

**“Act”** means the Delaware Limited Liability Company Act (6 Del. C. § 18-101, et seq.), as amended.

**“Agreement”** means this limited liability company agreement, as originally executed and as amended from time to time.

**“Capital Account”** has the meaning defined in Section 3.5.

**“Code”** means the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequent superseding federal revenue laws.

**“Company”** means the limited liability company governed by this Agreement.

**“Deficit Capital Account”** means, with respect to any Member, the deficit balance, if any, in such Member’s Capital Account as of the end of the taxable year, after giving effect to the following adjustments:

(i) credit to such Capital Account any amount that such Member is obligated to restore to the Company under Regulation Section 1.704-1(b)(2)(ii)(c), as well as any addition thereto pursuant to the next to last sentences of Regulation Sections 1.704-2(g)(1) and (i)(5); and

(ii) debit to such Capital Account the items described in Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

his definition is intended to comply with the provisions of Regulation Sections 1.704-1(b)(2)(ii)(d) and 1.704-2, and shall be interpreted consistently with those provisions.

**“Distributable Cash”** means the amount of cash or other liquid assets of the Company determined by the Manager as not required for the proper conduct of the Company’s business.

**“Manager”** means EB, or such other person that is appointed a Manager in accordance with Section 5.6.

**“Member”** means each person who executes a counterpart of this Agreement as a Member and each person who may hereafter be admitted to the Company as an additional or substituted Member and who executes a counterpart of this Agreement.

**“Percentage Interest”** means with respect to each Member at any time, the ratio (expressed as a fraction) of the Units held by such Member at such time to the total Units then outstanding. The Percentage Interest of each Member shall be set forth on attached Schedule 1, which shall be amended from time to time to reflect any change in the number of Units held by a Member.

**“Reference Rate”** means on any day the publicly announced reference rate of interest of Bank of America, N.A, or if Bank of America shall not be publicly announcing such rate, a comparable base lending rate publicly announced by a commercial bank, selected by the Manager.

**“Regulation”** includes temporary and final Treasury regulations promulgated under the Code and the corresponding sections of any regulations subsequently issued that amend or supersede such regulations.

**“Supermajority Percentage Interest”** means the vote, approval, consent or other action of Members entitled to act holding more than seventy-five percent (75%) of the Percentage Interests held by such Members as of the date on which the event triggering the vote, approval, consent or other action of Members occurs.

**“Unit”** represents an ownership interest in the Company. Such interest shall include the right to share in the profits and losses of the Company, the right to receive distributions from the Company and, to the extent that the Unit is held by a Member entitled to vote, the right to vote on any matter submitted for approval by the Members in accordance with this Agreement. Units may be issued or transferred only in accordance with the terms of this Agreement.

### **ARTICLE 3. -- MEMBERS, CONTRIBUTIONS AND INTERESTS**

**3.1 Members Names, Addresses and Percentages.** The names and addresses of the Members, the number of Units held by each and their Percentage Interests as set forth on Schedule 1, which shall be amended from time to time to reflect any change in the information reflected thereon. The interest in the Company held by each Member will not be reflected in a certificate of membership interest or Unit holdings. Each Member agrees to return to the Company any such certificate outstanding on the date of this Agreement.

**3.2 Additional and Substituted Members.** Additional Members shall be admitted only upon (a) the consent of Members holding a Supermajority Percentage Interest; and (b) the execution of a counterpart signature page of this Agreement. An assignee of all or a part of a Member’s Units who is not already a Member shall be admitted as a substitute Member with respect to such interest only upon the consent of the Manager and in accordance with Article 9.

**3.3 Capital Accounts.** A capital account (“Capital Account”) shall be determined and maintained for each Member in accordance with the principles of Regulation Section 1.704-1(b) at all times throughout the full term of the Company. In the event of a permitted sale or assignment of all or any part of a Member’s interest in the Company, the Capital Account of the transferor shall become the Capital Account of the transferee to the extent it relates to the transferred Company interest.

The book value of all Company properties shall be adjusted to equal their respective gross fair market values, as determined by the Manager as of the following times: (1) in connection with the acquisition of an interest in the Company by a new or existing Member for more than a de minimis capital contribution; (2) in connection with the liquidation of the Company as defined in Regulation Section 1.704-(1)(b)(2)(ii)(g); or (3) in connection with a more than de minimis distribution to a retiring or a continuing Member as consideration for all or a portion of his or its interest in the Company. In the event of a revaluation of any Company assets hereunder, the Capital Accounts of the Members shall be adjusted, including continuing adjustments for depreciation, to the extent provided in Regulation Section 1.704-(1)(b)(2)(iv)(f). The Capital Account of each Member as of the date of Schedule 1 is set forth on Schedule 1.

**3.4 Contributions.** If the Manager determines that an additional capital contribution from the Members is necessary and appropriate for the proper conduct of the business of the Company, it shall provide each Member with written notice of the amount of such additional capital contribution, the date on which such capital contribution is required and the number of Units to be issued for such additional capital contribution. Each Member shall have the right, but not the obligation, to contribute his or its Percentage Interest of the required additional capital contribution in exchange for a proportionate share of the Units specified by the Manager as to be issued in exchange therefor. If any Member does not contribute the full amount which he or it is entitled to contribute under the preceding sentence, the other Member shall have the right, but not the obligation, to contribute the amount not so contributed by the first Member and to receive the Units such number of additional Units as is proportionate to such contribution.

**3.5 No Withdrawal or Transfer of Member's Interest.** No Member shall voluntarily withdraw from the Company without the consent of the Manager. A withdrawal in violation of this Section 3.5 shall constitute a breach of this Agreement for which the Company and other Members shall have the remedies provided under applicable law.

Without the consent of the Manager, no Member shall assign, encumber, sell or otherwise transfer all or any portion of the Member's interest in the Company, or enter into any agreement or transaction as a result of which any person shall acquire an economic or beneficial interest in the Company or the Member's interest in the Company except as is otherwise permitted in Article 9.

#### **ARTICLE 4. -- MEETINGS OF MEMBERS**

**4.1 Meetings.** Meetings of Members are not required, but may be called by Members holding at least ten percent (10%) of the Percentage Interests held by Members or the Manager. No business shall be transacted at any meeting of Members except as is specified in the notice calling such meeting.

**4.2 Place of Meetings.** The Members or the Manager may designate any place as the place of meeting for any meeting of the Members. If no designation is made, the place of meeting shall be the principal office of the Company specified in Section 1.5.

**4.3 Notice of Meetings.** Written notice stating the place, day and time of the meeting and the purpose for which the meeting is called shall be delivered, in accordance with Section

10.1, not less than ten (10) nor more than fifty (50) days before the date of the meeting by or at the direction of the Members or the Manager calling the meeting, to each Member entitled to vote at such meeting.

**4.4 Record Date.** For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to any distribution, the date on which notice of the meeting is first delivered or mailed, or the date on which a resolution declaring such distribution is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section 4.4, such determination shall apply to any adjournment thereof.

**4.5 Manner of Acting.** The affirmative vote of Members holding a Supermajority Percentage Interest shall be the act of the Members, except as otherwise provided in this Agreement.

**4.6 Proxies.** At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member or by the Member's attorney-in-fact or agent appointed in writing. Such proxy or appointment shall be filed with the Company before or at the time of the meeting. No proxy or appointment shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy or appointment.

**4.7 Waiver of Notice.** When any notice is required to be given to any Member, a waiver thereof in writing signed by the Member entitled to such notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such notice. Attendance at a meeting shall constitute waiver of notice of the meeting unless the Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting.

**4.8 Action Without Meeting.** Any action required or permitted to be taken by the Members at a meeting may be taken without a meeting if a consent in writing, describing the action taken, is signed by all of the Members. Such action shall be included in the minutes of the Company's meetings.

**4.9 Meetings by Telephone, Etc.** Meetings of the Members may be held by conference telephone or by any other means of communication by which all participants can hear each other simultaneously during the meeting, and such participation shall constitute presence in person at the meeting.

## ARTICLE 5. -- MANAGEMENT

**5.1 General.** The business and affairs of the Company shall be managed by the Manager. Except as set forth in Section 5.2, the Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, and to perform any and all other acts or activities customary or incident to the management of the Company. Without limiting the generality of the foregoing, the Manager shall have power and authority, unless otherwise provided in this Agreement or by law, on behalf of the Company:

(a) to borrow money on such terms as the Manager deems appropriate, and in connection therewith, to hypothecate, encumber and grant security interests in the assets of the Company to secure repayment of the borrowed sums and including, without limitation, to take all action deemed necessary or advisable by the Manager in connection with the financing of the property to be acquired by the Company;

(b) to purchase liability and other insurance to protect the Company's property and business;

(c) to acquire, improve, manage, charter, lease, operate, sell, transfer, exchange, encumber, pledge or dispose of any real or personal property of the Company;

(d) to invest Company funds temporarily in time deposits, short-term governmental obligations, commercial paper or other short-term investments;

(e) to execute instruments and documents, including without limitation, checks, drafts, notes and other negotiable instruments, mortgages or deeds of trust, security agreements, financing statements, documents providing for the acquisition, mortgage or disposition of the Company's property, assignments, bills of sale, leases, partnership agreements, limited liability company agreements of other limited liability companies, and any other instruments or documents necessary, in the opinion of the Manager, to the business of the Company;

(f) to employ or retain a manager for any Restaurant and confer upon such Restaurant manager such authority to manage the business

(g) to cease operations at any Restaurant;

(h) to employ accountants, legal counsel, managing agents or other experts to perform services for the Company and to compensate them from Company funds;

(i) to enter into any and all other agreements with any other person for any purpose, in such form as the Manager may approve;

(j) to, from time to time, open bank accounts in the name of the Company, and the Manager shall be the sole signatory thereon, unless the Manager determines otherwise;

(k) to issue additional Units pursuant to Section 3.4;

(l) to implement duly adopted decisions of the Members; and

(m) to do and perform all other acts as may be necessary or appropriate to the conduct of the Company's business.

**5.2 Limit on Manager's Authority.** The Manager shall not have authority, without the approval of the Members, to take any of the following extraordinary actions:

(a) admitting or removing any person as a Member in the Company;

- (b) dissolving the Company in accordance with Section 8.1;
- (c) selling all or substantially all of the assets of the Company; and
- (d) admitting additional or successor Managers.

**5.3 Compensation of the Manager.** The Manager shall receive no compensation for management services rendered to the Company. However, the Manager shall be reimbursed by the Company for reasonable out-of-pocket expenses incurred by the Manager in connection with the Company's business.

**5.4 Agents.** The Manager may authorize one or more agents to enter into any contract or to otherwise act on behalf of the Company to the extent that the Manager could take such action. Such authority may be general or be confined to specific instances. Unless authorized to do so by this Agreement or by the Manager, no Member, employee or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable for any purpose.

**5.5 Right to Rely on Manager.** Any person dealing with the Company may rely (without duty of further inquiry) upon a certificate signed by the Manager as to the identity and authority of the Manager or other person to act on behalf of the Company.

**5.6 Removal and Replacement of Manager.** The Manager may be removed by a Supermajority Percentage Interest of the Members. If the Manager ceases to act as manager of the Company, Members holding a Supermajority Percentage Interest may designate a successor Manager.

## ARTICLE 6. -- ACCOUNTING AND RECORDS

**6.1 Books of Account.** The Company shall maintain records and accounts of all of its operations and expenditures. At a minimum the Company shall keep at its principal place of business the following records:

- (a) A list setting forth the full name and last known mailing address of each current and previous Member and Manager;
- (b) A copy of the Certificate of Formation and all amendments thereto;
- (c) Copies of this Agreement and all amendments hereto, and a copy of any prior limited liability company agreements no longer in effect;
- (d) Copies of the Company's federal, state, and local tax returns and reports, if any, for the three (3) most recent years;
- (e) Minutes of every meeting of the Members and any written consents obtained from Members for actions taken by Members without a meeting; and



(f) Copies of the Company's financial statements for the three (3) most recent years.

**6.2 Fiscal Year.** The fiscal year of the Company shall end on the last Sunday in December each year.

**6.3 Accounting Reports.** As soon as practical after the close of each fiscal year, the Company shall furnish to each Member an unaudited financial report of the activities of the Company for the preceding fiscal year, including the balance sheet of the Company as of the end of such year and a statement of income or loss for such year. Within forty-five (45) days of the end of each calendar month, the Company shall furnish to each Member an unaudited income statement of the Company for such month and a balance sheet of the Company as of the end of such month.

**6.4 Tax Returns.** The Company shall prepare and timely file all required federal and state income tax returns. As soon as practical after the end of each fiscal year, the Company shall furnish to each Member a statement suitable for use in the preparation of the Member's income tax return.

## ARTICLE 7. -- ALLOCATIONS AND DISTRIBUTIONS

### 7.1 Allocation of Net Profit and Loss - In General.

**7.1.1 Allocation of Net Profit.** After giving effect to the special allocations set forth in Sections 7.2 and 7.3, the net profit for any fiscal year of the Company shall be allocated among the Members in the following order of priority:

(a) first, to the Members in the reverse chronological order in which net losses were allocated to the Members pursuant to Sections 7.1.2(d), 7.1.2(c), and 7.1.2(b), respectively, until each Member has received aggregate allocations of net profit under this Section 7.1.1(a) in an amount equal to, but not in excess of, the aggregate allocations of net loss to such Member pursuant to Sections 7.1.2(b) through 7.1.2(d) for all prior fiscal years; and

(b) thereafter, to the Members in proportion to their respective Percentage Interests.

**7.1.2 Allocation of Net Loss.** After giving effect to the special allocations set forth in Sections 7.2 and 7.3, the net loss for any fiscal year of the Company shall be allocated among the Members in the following order of priority:

(a) first, in proportion to the amounts allocated to the Members pursuant to Section 7.1.1(b) in an amount equal to the excess, if any, of (i) the cumulative net profits allocated to the Members pursuant to Section 7.1.1(b) for all prior fiscal years, over (ii) the cumulative net losses allocated to the Members pursuant to this Section 7.1.2(a) for all prior fiscal years;

(b) second, to the Members in proportion to their respective Percentage Interests; provided, however, that net losses shall not be allocated to any Member pursuant to this Section 7.1.2(b) to the extent such allocation would cause such Member to have a Deficit Capital Account at the end of any fiscal year. Such excess net loss shall, instead, be allocated in accordance with Section 7.1.2(c); and

(c) third, the remaining net loss, if any, shall be allocated among those Members who do not have Deficit Capital Accounts in proportion to their respective Percentage Interests; provided, however, that no allocation under this Section 7.1.2(c) shall cause any Member to have a Deficit Capital Account; and

(d) thereafter, any remaining net loss shall be allocated among the Members in proportion to their respective Percentage Interests.

**7.2 Special Allocations.** The following special allocations shall be made for any fiscal year of the Company in the following order:

**7.2.1 Minimum Gain Chargeback.** If there is a decrease in the Company's "partnership minimum gain," as defined in and determined under Regulation Sections 1.704-2(b)(2) and 1.704-2(d), the minimum gain chargeback provisions of Regulation Section 1.704-2(f), which are hereby incorporated into this Agreement by this reference, shall be applied.

**7.2.2 Member Minimum Gain Chargeback.** If there is a decrease in any Member's share of "partner nonrecourse debt minimum gain," as defined in and determined under Regulation Section 1.704-2(i), the partner nonrecourse debt minimum gain chargeback provisions of Regulation Section 1.704-2(i)(4), which are hereby incorporated into this Agreement by this reference, shall be applied.

**7.2.3 Qualified Income Offset.** In the event that any Member unexpectedly receives any adjustments, allocations, or distributions described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Company income and gain shall be specially allocated to such Member in accordance with Regulation Section 1.704-(1)(b)(2)(ii)(d).

**7.2.4 Nonrecourse Deductions.** "Nonrecourse deductions," as defined in and determined under Regulation Sections 1.704-2(b)(1) and (c), shall be allocated among the Members in accordance with their respective Percentage Interests.

**7.2.5 Member Nonrecourse Deductions.** "Partner nonrecourse deductions," as defined in and determined under Regulation Sections 1.704-2(i)(1) and (2), shall be specially allocated among the Members in accordance with Regulation Section 1.704-2(i).

**7.3 Corrective Allocations.** The allocations set forth in Section 7.2 are intended to comply with certain regulatory requirements under Code Section 704(b). The Members intend that, to the extent possible, all allocations made pursuant to such Sections will, over the term of the Company, be offset either with other allocations pursuant to Section 7.2 or with special allocations of other items of Company income, gain, loss, or deduction pursuant to this Section 7.3. Accordingly, the Manager is hereby authorized and directed to make offsetting

allocations of Company income, gain, loss or deduction under this Section 7.3 in whatever manner the Manager determines is appropriate so that, after such offsetting special allocations are made (and taking into account the reasonably anticipated future allocations of income and gain pursuant to Sections 7.2.1 and 7.2.2), the Capital Accounts of the Members are, to the extent possible, equal to the Capital Accounts each would have if the provisions of Section 7.2 were not contained in this Agreement and all income, gain, loss and deduction of the Company were instead allocated pursuant to Section 7.1.

#### **7.4 Other Allocation Rules.**

**7.4.1 General.** Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction, credit, and any other allocations not otherwise provided for shall be divided among the Members in accordance with their Percentage Interests, or as otherwise may be required under the Code and the Regulations thereunder.

**7.4.2 Allocation of Excess Nonrecourse Liabilities.** Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Regulation Section 1.752-3(a)(3), the Members' interests in the Company's profits shall be their respective Percentage Interests.

**7.4.3 Allocations in Connection with Varying Interests.** If, during a Company fiscal year, there is (i) a permitted transfer of all or a part of a Member's interest in the Company, or (ii) the admission or withdrawal of a Member, net profit, net loss, each item thereof, and all other tax items of the Company for such fiscal year shall be divided and allocated among the Members by taking into account their varying interests during such fiscal year in accordance with Code Section 706(d) and using any conventions permitted by law and selected by the Manager.

**7.5 Determination of Net Profit or Loss. Determination of Net Profit or Loss.** The net profit or net loss of the Company, for each fiscal year or other period, shall be an amount equal to the Company's taxable income or loss for such period, determined in accordance with Code Section 703(a), with the following adjustments:

(a) all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1), including income and gain exempt from federal income tax, shall be included in taxable income or loss;

(b) expenditures described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulation Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account in computing net profit or loss shall be subtracted from such taxable income or loss;

(c) any adjustment to the book value of the assets of the Company pursuant to Section 3.5 shall be treated as an item of gain or loss, as the case may be;

(d) for purposes of computing taxable income or loss on the disposition of an item of Company property or for purposes of determining the cost recovery, depreciation, or

amortization deduction with respect to such property, the Company shall use such property's book value determined in accordance with Regulation Section 1.704-1(b); and

(e) any items that are specially allocated pursuant to Section 7.2 or Section 7.3 shall not be taken into account in computing the Company's net profit or loss., including income and gain exempt from federal income tax, shall be included in taxable income or loss.

**7.6 Mandatory Tax Allocations Under Code Section 704(c).** In accordance with Code Section 704(c) and Regulation Section 1.704-3, income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial book value computed in accordance with Section 7.5.2. Prior to the contribution of any property to the Company that has a fair market value that differs from its adjusted tax basis in the hands of the contributing Member on the date of contribution, the Manager shall agree upon the allocation method to be applied with respect to that property under Regulation Section 1.704-3, which allocation method shall be set forth on attached Schedule 2, as amended from time to time. The same procedure shall apply to any revaluation of Company property as permitted under Regulation Section 1.704-1(b)(2)(iv)(f).

Allocations pursuant to this Section 7.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of net profit, net loss, or other items as computed for book purposes, or distributions pursuant to any provision of this Agreement.

**7.7 Distributions.** The Company may make distributions of Distributable Cash to the Members at such times and amounts as the Manager determines to be appropriate, taking into account the operating cash flow needs of the business. Each distribution shall be made to all Members, and divided among the Members in proportion to their Percentage Interests.

## **ARTICLE 8.-- DISSOLUTION AND LIQUIDATION**

**8.1 Events of Dissolution.** Except as otherwise provided in this Agreement, the Company shall dissolve upon the earlier of:

- (a) the written agreement of all of the Members and the Manager; or
- (b) the sale, transfer or other disposition of all or substantially all of the Company's assets as permitted by this Agreement.

**8.2 Liquidation Upon Dissolution and Winding Up.** Upon the dissolution of the Company, the Manager shall wind up the affairs of the Company. A full account of the assets and liabilities of the Company shall be taken. The assets shall be promptly liquidated and the proceeds thereof applied as required by the Act. Upon discharging all debts and liabilities, all remaining assets shall be distributed to the Members or their representatives by the end of the taxable year in which the liquidation occurs (or, if later, within ninety (90) days after the date of such liquidation) in proportion to the positive balances of their respective Capital Accounts, as determined after taking into account all Capital Account adjustments for the taxable year during

which the liquidation occurs (other than those made pursuant to this Section 8.2). With the approval of the Manager, the Company may, in the process of winding up the Company, distribute property in kind, in which case the Members' Capital Account balances shall be adjusted in accordance with Regulation Section 1.704-1(b)(2)(iv)(e).

**8.3 No Obligation to Restore Negative Capital Account Balance.** No Member shall have any obligation to make any capital contribution to the Company to eliminate the negative balance, if any, of such Member's Capital Account, and any such negative balance shall not be considered a debt owed by such Member to the Company or to any other person for any purpose whatsoever.

## **ARTICLE 9.-- TRANSFER OF MEMBER'S INTEREST**

**9.1 General Restriction on Transfer.** No Unit or interest in the Company shall be validly sold, assigned, pledged, encumbered, awarded, confirmed, or otherwise transferred, for consideration or otherwise, whether voluntarily, involuntarily, or by operation of law, and no purported transferee shall be recognized as a Member of the Company for any purpose whatsoever unless such Unit or interest has been transferred, sold, or released from restrictions upon transfer with the prior consent of Supermajority Percentage Interests and in accordance with Section 9.3.

**9.2 Pledge or Encumbrance of Units.** If any Member (the "Pledgor") desires to pledge, mortgage, or otherwise encumber any or all of its Units, the Pledgor shall provide in any pledge agreement, mortgage, or other instrument of encumbrance that the other Member, the Manager and the Company shall be entitled to at least fifteen (15) days' advance written notice (the "Default Notice") of any sale, transfer, or other disposition of any Unit so encumbered, whether by a pledgee, mortgagee, or lienor, and whether through foreclosure or otherwise, and the other Member shall have the right to purchase such Unit on the same terms and conditions as if the Pledgor had made an offer to sell such Unit pursuant to Section 9.3 below. For purposes of this Section 9.2, the Default Notice shall be deemed to be the Offer Notice, and the full amount (including any expenses or other incidental amounts) necessary to redeem such Unit under the pledge agreement, mortgage, or other instrument of encumbrance, or under applicable law, shall be deemed to be the Offered Price.

### **9.3 Voluntary Sale or Transfer.**

**9.3.1 Notice.** If any Member (the "Transferor") desires to sell, assign, or otherwise transfer any or all of its Units to any person or entity, the Transferor shall give notice to the Manager and the other Member (an "Offer Notice") specifying the name and address of the proposed transferee, describing the number of the Member's Units proposed to be transferred (the "Offered Units"), stating the price proposed to be paid by the proposed transferee for the Offered Units (the "Offered Price"), and specifying all other terms and conditions of the proposed sale or transfer.

**9.3.2 Offer.** Delivery of an Offer Notice to the Manager and the other Member shall constitute an offer by the Transferor on the date of such delivery (the "Offer Date") to sell the Offered Units to the other Member at a purchase price (the "Purchase Price") equal to the

Offered Price in accordance with this Section 9.3.2. If the Offered Units are proposed to be sold for consideration other than solely cash, the Offered Price shall be deemed to be the sum of the fair market value of the consideration other than cash offered for the Offered Units, plus any cash consideration so offered.

**9.3.3 Terms and Conditions.** Each purchase of the Offered Units pursuant to this Section 9.3 shall be made in accordance with the following terms and conditions:

(a) Within the period ending fifteen (15) days after receipt of the Offer Notice (the “Member Offer Period”) the Transferee Member shall deliver to the Manager notice of acceptance of the offer (the “Member Acceptance Notice”) specifying the number of Offered Units that it agrees to purchase (the “Accepted Units”).

(b) Delivery of a Member Acceptance Notice to the Manager shall create a binding contract between the Transferee Member and the Transferor for the purchase and sale, at the Purchase Price and on the terms described below, of the Accepted Units.

(c) The transfer of the Accepted Units to the Transferee Member shall be consummated on the terms set forth in the Offer Notice on a date set by the Company (the “Closing Date”), which date shall be not less than fifteen (15) nor more than thirty (30) days after expiration of the Member Offer Period applicable to the Offered Units.

**9.3.4 Failure to Exercise Purchase Option.** If the purchase option under this Section 9.3 is not exercised with respect to all of the Offered Units, then each of the persons who succeed to any portion of the Transferor’s Units as to which such purchase option was not exercised shall be an assignee of the Transferor, but shall not be a Member unless admitted as a Member in accordance with Section 3.2.

**9.4 Effect of Transfer.** A transfer of any Units by a Member, including without limitation any involuntary transfer, shall eliminate the Member’s right to vote with respect to such Units on any matter submitted to the Members, and, for voting purposes, such Units shall not be treated as outstanding unless the transferee is admitted as a substituted Member pursuant to Section 3.2. The transferee of any Units shall be entitled only to the share of net profits and losses and the right to distributions associated with such Units, but shall not be entitled to any vote with respect to such Units on any matter submitted to the Members for consent or approval without first being admitted as a substituted Member pursuant to Section 3.2.

## **ARTICLE 10. -- LIMITATION OF LIABILITY; INDEMNIFICATION**

**10.1 Indemnification of Manager.** The Company shall indemnify each Manager from and against any judgments, settlements, penalties, fines or expenses incurred in a proceeding to which a Manager is a party because he, she or it is, or was, a Manager; provided, that a Manager shall not be indemnified from or on account of acts or omissions of the Manager finally adjudicated to be a breach of this Agreement, intentional misconduct or a knowing violation of law by the Manager, or any transaction with respect to which it was finally adjudged that such Manager received a benefit in money, property or services to which such Manager was

not legally entitled. The right to indemnification conferred in this Section 10.1 shall be a contract right and shall include the right to be paid by the Company the expenses incurred in defending any such proceeding in advance of its final disposition; provided, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon delivery to the Company of an undertaking, by or on behalf of such Manager to repay all amounts so advanced if it shall ultimately be determined that such Manager is not entitled to be indemnified under this Section 10.1 or otherwise.

The right to indemnification and payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section 10.1 shall not be exclusive of any other right any Manager may have or hereafter acquire under any statute, this Agreement, vote of Members or otherwise.

No repeal or modification of the Act or this Section 10.1 shall adversely affect any right of a Manager to indemnification existing at the time of such repeal or modification for or with respect to indemnification related to an act or omission of such Manager occurring prior to such repeal or modification.

**10.2 Limitation of Liability.** No Member or Manager shall have liability to the Company or its Members for monetary damages for conduct as a Member or Manager, except for acts or omissions that involve a breach of this Agreement, intentional misconduct, a knowing violation of law, or for any transaction from which the Member or Manager has personally received a benefit in money, property or services to which the Member or Manager was not legally entitled. If the Act is hereafter amended to authorize Company action further limiting the personal liability of Members or the Manager, then the liability of each Member or Manager shall be eliminated or limited to the full extent permitted by the Act, as so amended. No repeal or modification of the Act or this Section 10.2 shall adversely affect any right or protection of a Member or Manager existing at the time of such repeal or modification for or with respect to an act or omission of such Member or Manager occurring prior to such repeal or modification.

## ARTICLE 11. -- MISCELLANEOUS

**11.1 Notices.** Any notice or other communication required or permitted under this Agreement shall be deemed to have been duly given if delivered personally to the party to whom directed or, if mailed, by registered or certified mail, postage and charges prepaid, addressed (a) if to a Member, to the Member's address specified on attached Schedule 1, and (b) if to the Company, to the Company's address specified in Section 1.6. Any such notice shall be deemed to be given when personally delivered or, if mailed, two (2) business days after the date of mailing. A Member or the Company may change its address for purposes of notices hereunder by giving notice specifying such changed address in the manner specified in this Section 11.1.

**11.2 Governing Law and Jurisdiction for Disputes.** This Agreement shall be construed and enforced in accordance with the internal laws of the State of Delaware, including without limitation, the Act. The parties also agree that all disputes arising out of or in connection with this Agreement shall be submitted to binding arbitration under the rules of the American Arbitration Association, by one or more arbitrators appointed in accordance with the rules of the

American Arbitration Association. The place of the arbitration shall be Los Angeles County, California, and any award may be reduced to a judgment in any Court of General jurisdiction.

**11.3 Amendments.** This Agreement may not be amended except by the unanimous written agreement of all of the Members. Additional Members shall be admitted only upon (a) the consent of Members holding a Supermajority Percentage Interest; and (b) the execution of a counterpart signature page of this Agreement.

**11.4 Construction.** Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

**11.5 Headings.** The headings in this Agreement are inserted for convenience only and shall not affect the interpretation of this Agreement.

**11.6 Waivers.** The failure of any person to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

**11.7 Remedies.** The rights and remedies of the parties hereunder shall not be mutually exclusive, and the exercise of any one right or remedy shall not preclude or waive the right to exercise any other remedies. Said rights and remedies are in addition to any other rights the parties may have by law or otherwise.

**11.8 Severability.** If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

**11.9 Heirs, Successors and Assigns.** Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective heirs, legal representatives, successors and assigns.

**11.10 Creditors.** None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company.

**11.11 Entire Agreement.** This Agreement reflects the entire understanding of the parties with respect to the subject matter of this Agreement and no representation, promises, agreements, or understandings, written or oral, not contained in this Agreement will be of any force or effect.

**11.12 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.



EB FRANCHISES, LLC

By \_\_\_\_\_

Its \_\_\_\_\_

**Schedule 1**  
**to**  
**Limited Liability Company Agreement**  
**of**  
[ \_\_\_\_\_ ]

<b>Name and Address</b>	<b>Number of Units</b>	<b>Percentage Interest</b>	<b>Capital Account as of</b> <hr/>
EB Franchises, LLC 9720 Wilshire Boulevard Suite 500 Beverly Hills, California 90212 Att: Chief Financial Officer Facsimile No.: (310) 734-1723 e-mail: <a href="mailto:CFO@fatbrands.com">CFO@fatbrands.com</a>		_____ %	

**EXHIBIT H**  
**Lease Assignment**

## ASSIGNMENT OF FRANCHISEE'S INTEREST IN LEASE

This ASSIGNMENT OF FRANCHISEE'S INTEREST IN LEASE (this "Agreement") is made as of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date"), by and among \_\_\_\_\_ ("Franchisee"), EB Franchises, LLC, a Delaware limited liability company ("Franchisor"), and \_\_\_\_\_ ("Landlord").

### R E C I T A L S

A. Pursuant to the terms of that certain Lease Agreement dated \_\_\_\_\_ (the "Lease") Franchisee holds or will hold a leasehold interest in that certain parcel of real property (the "Land") located in the City of \_\_\_\_\_, County of \_\_\_\_\_, State of \_\_\_\_\_, commonly known as \_\_\_\_\_, and more particularly described in the Lease and on Exhibit "A" to this Agreement. As used herein, the term "Property" shall refer to the Land together with the premises demised to Franchisee pursuant to the terms of the Lease, and all rights of Franchisee appurtenant thereto.

B. Pursuant to the terms of that certain Franchise Agreement dated \_\_\_\_\_ (the "Franchise Agreement") by and between Franchisor and Franchisee, Franchisor is granting to Franchisee the right to operate an "Elevation Burger" restaurant franchise. The Franchise Agreement and all other documents and instruments evidencing or securing the franchise relation between Franchisor and Franchisee together with all supplements, amendments, modifications, renewals and replacements thereof are collectively referred to in this Agreement as the "Franchise Documents."

C. Franchisee desires to conditionally assign to Franchisor the Lease and all rights of Franchisee thereunder, and Franchisor and Franchisee wish to obtain the consent of Landlord to such assignment, on the terms and subject to the conditions set forth in this Agreement.

### A G R E E M E N T

NOW, THEREFORE, with reference to the foregoing facts and for other valuable consideration, the receipt, legal sufficiency and adequacy of which are hereby acknowledged, the parties hereby covenant and agree as follows:

1. Assignment. Franchisee hereby agrees to assign, transfer and set over to Franchisor the Lease and all rights of Franchisee thereunder, all right to subrents and concession fees derived from the Lease, together with all of Franchisee's right, title and interest in the Lease, including all modifications, amendments, extensions and renewals of the Lease and all rights and privileges incident thereto (collectively, the "Lease Rights"), conditioned only on Franchisor issuing an "Election Notice" as described in Section 3 of this Agreement. The foregoing agreement is intended by Franchisor and Franchisee to create and shall be construed to create an absolute assignment to Franchisor of all Franchisee's right, title and interest in the Lease Rights subject only to the condition that Franchisor issue an Election Notice and shall not be deemed to create merely an assignment for security only for the performance of any obligations of Franchisee under the Franchise Documents, provided, however, that nothing contained herein shall operate or be construed to obligate Franchisor to perform any of the terms, covenants and conditions contained

in the Lease or otherwise to impose any obligation to pay rents thereunder or to indemnify Landlord in connection therewith unless Franchisor obtains possession of the Property as described in Section 3 of this Agreement. Franchisor and Franchisee further agree that, during the term of this Agreement, the Lease shall not constitute property of Franchisee (or of any estate of Franchisee) within the meaning of 11 U.S.C. §541, as may be amended from time to time. Franchisee hereby represents and warrants that no other assignments of Franchisee's Lease Rights exist or remain outstanding.

2. Grant of Revocable License. Franchisor hereby grants to Franchisee a revocable license to occupy the Property and enjoy the rights of the tenant under the Lease.

3. Election Notice. Upon the occurrence of (a) a default under the Lease by Franchisee; (b) a default under the Franchise Documents by Franchisee; (c) the exercise by Franchisor of its right of first refusal pursuant to Section 12.4 of the Franchise Agreement; or (d) the nonexercise by Franchisee of an option to renew or extend the Lease, and at any time thereafter during the continuance thereof, Franchisor shall have the right and option, at its election, to notify Franchisee and Landlord (an "Election Notice") that Franchisor is electing to cause the assignment in Section 1 of this Agreement to become effective. Upon such an Election Notice and without the necessity of any further actions, Franchisor shall have the right: (i) to enter upon the Property and to institute such legal proceedings (including, without limitation, a lawsuit for unlawful detainer of the Property by Franchisee); and (ii) to perform all other acts which Franchisor shall determine, in its sole discretion, to be necessary or desirable to carry out the foregoing. Landlord shall be entitled to rely upon any notice from Franchisor and shall be protected with respect to any claim made by Franchisee with respect to such notice, irrespective of whether a dispute exists between Franchisor and Franchisee with respect to the existence of a default or the rights of Franchisor hereunder. Franchisor hereby agrees not to name Landlord as a party defendant in any action filed for the purpose of enforcing its rights hereunder. The payment of rent to Landlord in connection with any such notice and the performance of obligations under the Lease to or for the benefit of Landlord shall not cause Franchisor to assume or be bound by the provisions of such Lease including but not limited to the duty to pay any future rents. Franchisee agrees to indemnify, defend and hold Landlord harmless from and against any and all loss, claims, damage or liability arising out of any claim with respect thereto. Franchisor shall not become liable to Landlord for the performance of any obligations of the tenant under the Lease, notwithstanding its issuance of an Election Notice, unless and until Franchisor shall have obtained possession of the Property, and in no event shall Franchisor be liable to Landlord for any obligations which accrued under the Lease prior to the date Franchisor so obtains possession. Nothing contained in this Agreement shall constitute a waiver by Landlord of any recourse of Landlord against Franchisee for unpaid amounts owed under the Lease.

4. Consent. Landlord hereby consents to the assignment of the Lease to Franchisor as herein provided. The foregoing consent is subject to each and all of the following terms and conditions:

(a) such consent shall not constitute a waiver of Landlord's right to consent to future assignments, subleases or transfers, or a waiver of any other provision of the Lease;

(b) such consent shall not be effective until Landlord shall have delivered to Franchisor a fully executed copy of this Agreement.

5. Indemnity. In complying with the provisions of this Agreement, Landlord shall be entitled to rely solely upon the notices given by Franchisor which are referred to in Section 3 hereof and Franchisee agrees to indemnify and hold Landlord harmless from and against any and all loss, claim, damage or liability arising out of Franchisor's compliance with such notice. Franchisor shall be entitled to full credit under the Lease for any rents paid to Landlord in accordance with the provisions of Section 3 hereof to the same extent as if such rents were paid directly by Franchisee.

6. Covenants of Franchisee. Franchisee agrees that during the term of the Lease, without Franchisor's prior written consent, Franchisee will not:

(a) agree to increase the rent or additional rent, except as expressly provided in the Lease; or

(b) cancel, terminate or surrender the Lease, except at the normal expiration of the Lease term; or

(c) enter into any agreement, amendment, extension or modification of the Lease; or

(d) assign the Lease or sublet the Property or any portion thereof other than as expressly provided in the Lease.

7. Notices. From and after the Effective Date, Landlord shall send a copy of any notice or similar statement under the Lease to Franchisor at the same time such notice or statement is sent to Franchisee under the Lease. Such notices shall be delivered to Franchisor in the manner and to the addresses set forth in Section 10 of this Agreement. Franchisor shall have the right (but not the obligation) to cure any default claimed by Landlord in any such notice. Landlord shall not take any action with respect to such default, including, without limitation, any action in order to terminate, rescind or void the Lease or to withhold any rental thereunder, for a period of 30 days after receipt of such written notice by Franchisor with respect to any such default.

8. Representations. Landlord and Franchisee each hereby certify, represent and warrant that as of the Effective Date there are no known defaults (or events which with the giving of notice or the passage of time or both could give rise to a default) on the part of the other party under the Lease, that the Lease is a complete statement of the agreement of the parties thereto with respect to the leasing of the Property, and there are no other agreements between Landlord and Franchisee, written or oral, that the Lease is in full force and effect, that all conditions to the effectiveness or continuing effectiveness thereof required to be satisfied as of the date hereof have been satisfied, and that this Agreement satisfies any condition or requirement in the Lease with respect to the provision of any consents by Landlord (and any lender or lienholder with an interest in the Land) to an assignment or transfer of the Lease.

9. Further Representations. Within ten (10) days after Franchisor's written request, Landlord hereby agrees to deliver to Franchisor its designee an estoppel certificate executed by Landlord, certifying (if such is the case) that the Lease is in full force and effect, and that there are no defenses or offsets outstanding under the Lease or stating any claim by Landlord and such other information as Franchisor shall reasonably request.

10. Notices. All notices and other communications provided for herein shall be in writing and shall be given by hand or sent by registered or certified mail, postage prepaid, addressed as follows:

**To Landlord:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

**To Franchisee:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

**To Franchisor:**

EB Franchises, LLC  
9720 Wilshire Boulevard Suite 500  
Beverly Hills, California 90212  
Attn: Chief Executive Officer and Chief Financial Officer

Each party may change its address by notice to each of the other parties as provided herein. Notices, if sent by mail, shall be deemed given on the fifth (5th) day following the deposit in United States mail, and, if delivered by hand, shall be deemed given when delivered.

11. Attorneys' Fees. In the event any legal action or proceeding is commenced to interpret or enforce the terms of, or obligations arising out of, this Agreement, or to recover damages for the breach thereof, the party prevailing in any such action or proceeding shall be entitled to recover from the non-prevailing party all reasonable attorneys' fees, costs and expenses incurred by the prevailing party, including the allocated costs for services of in-house counsel, in addition to costs and expenses otherwise allowed by law.

12. Governing Law. The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the laws of the state in which the Property is located, without regard to the choice of law rules of that State.

13. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. Signature and acknowledgment pages may be detached from the counterparts and attached to a single copy of this Agreement to form one document, which may be recorded.

14. Headings. The headings of the Sections and subsections of this Agreement are included for reference only, and shall not be used to interpret this Agreement.

15. Entire Agreement. This Agreement shall be the whole and only agreement with regard to the subject matter hereof and shall supersede any inconsistent provisions of the Lease which provide for the subjection or subordination of the Lease.

16. Miscellaneous Provisions. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors in interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. As used in this Agreement, the word “include(s)” means “include(s), without limitation,” and the word “including” means “including, but not limited to.”

17. Covenants of Landlord. Landlord acknowledges that Franchisee shall be operating the business to be conducted upon the Property pursuant to the terms of a Franchise Agreement. Landlord agrees that the following provisions shall be incorporated into the Lease for the benefit of Franchisor and shall control over any inconsistent provisions contained elsewhere in the Lease for so long as the Franchise Agreement shall remain in effect:

(a) Right to Enter, etc. Landlord hereby grants to Franchisor the right to: (a) enter upon the Property for the purpose of (i) curing any default of Franchisee under the Lease; or (ii) protecting Franchisor’s proprietary marks; and (b) make modifications to the Property or the improvements thereon necessary to protect such proprietary marks provided that Franchisor (i) obtains the advance written consent of Landlord to such modifications, which consent shall not be unreasonably withheld or delayed; and (ii) repairs any damage to the Property or the improvements thereon caused by such modifications.

(b) Assignment and Subletting. No transfer or encumbrance of the capital stock or assets of, or change in control of, Franchisor or its affiliates, shall require the consent of or notice to Landlord, or result in a change of any of the terms of the Lease.

[SIGNATURE PAGE FOLLOWS]



IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

“FRANCHISEE”

\_\_\_\_\_,  
a \_\_\_\_\_

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

Its: \_\_\_\_\_

“FRANCHISOR”

EB FRANCHISES, LLC,  
a Delaware limited liability company

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

Its: \_\_\_\_\_

“LANDLORD”

\_\_\_\_\_,  
a \_\_\_\_\_

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

Its: \_\_\_\_\_

**EXHIBIT A**  
**LEGAL DESCRIPTION**

**EXHIBIT I**

**Agents for Service of Process and State Administrators**

## EXHIBIT I

### STATE ADMINISTRATORS

Commissioner of Department of Financial  
Protection and Innovation  
320 West 4th Street, Suite 750  
Los Angeles, California 90013-2344  
(213) 576-7500  
(866) 275-2677 Toll Free  
Ask.DFPI@dfpi.ca.gov

Hawaii Commissioner of Securities  
Department of Commerce & Consumer  
Affairs  
335 Merchant Street, Room 205  
Honolulu, Hawaii 96813  
(808) 586-2744

Chief  
Franchise Bureau  
Office of Attorney General  
500 South Second Street  
Springfield, Illinois 62701  
(217) 782-1090

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

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

Franchise Administrator  
Consumer Protection Division  
Antitrust and Franchise Unit  
Michigan Dept. of Attorney General  
670 Law Building  
525 W. Ottawa Street  
Lansing, Michigan 48913  
(517) 373-7117

Commissioner of Commerce  
Minnesota Department of Commerce  
85 7th Place East, Suite 280  
Saint Paul, Minnesota 55101  
(651) 539-1600

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21st Floor  
New York, New York 10005  
(212) 416-8285

North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol, Fourteenth Floor, Dept. 414  
Bismarck, North Dakota 58505-0510  
(701) 328-4712

Director of the Rhode Island  
Department of Business Regulation  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920  
(401) 462-9500

Registration Specialist  
Department of Labor and Regulation  
Division of Securities  
124 S. Euclid Avenue, Suite 104  
Pierre, South Dakota 57501-3185  
(605) 773-4823

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

Administrator  
Department of Financial Institutions  
Securities Division  
150 Israel Rd. SW  
Tumwater, Washington 98501  
(360) 902-8760

Wisconsin Department of Financial  
Institutions  
Division of Securities  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 261-9555

## AGENTS FOR SERVICE OF PROCESS

Commissioner of the Department of  
Financial Protection and Innovation  
2101 Arena Blvd.  
Sacramento, California 95834

Hawaii Commissioner of Securities  
Business Registration Division  
335 Merchant Street, Room 205  
Honolulu, Hawaii 96813

Illinois Attorney General Office  
500 South Second Street  
Springfield, Illinois 62701

Indiana Securities Division  
302 West Washington Street  
Room E-111  
Indianapolis, Indiana 46204

Maryland Securities Commissioner  
200 Saint Paul Place  
Baltimore, Maryland 21202-2020

Commissioner of Commerce  
State of Minnesota  
Department of Commerce  
Registration Division  
85 Seventh Place East  
St. Paul, Minnesota 55101

Secretary of State  
New York Department of State  
One Commerce Plaza  
99 Washington Avenue, 6<sup>th</sup> Floor  
Albany, New York 12231-0001

Securities Commissioner  
North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol, Fourteenth Floor, Dept. 414  
Bismarck, North Dakota 58505-0510

Director of Business Regulation  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920

Director of the Division of Securities  
Department of Labor and Regulation  
124 S. Euclid Avenue Suite 104  
Pierre, South Dakota 57501-3185

Clerk, State Corporation Commission  
1300 East Main Street, First Floor  
Richmond, Virginia 23219

Administrator of Securities  
Department of Financial Institutions  
150 Israel Rd. SW  
Tumwater, WA 98501

Commissioner of Securities  
Office of the Commissioner of Securities  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 261-9555

FOR ALL STATES NOT LISTED ABOVE:

Paracorp Incorporated  
640 Bercut Drive, Suite A  
Sacramento, CA 95814

**EXHIBIT J**  
**Management Agreement**

**FAT BRANDS MANAGEMENT, INC.**  
**MANAGEMENT AGREEMENT**



**FAT BRANDS MANAGEMENT, INC.  
MANAGEMENT AGREEMENT**

THIS MANAGEMENT AGREEMENT ("**Agreement**") is made on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between FAT Brands Management, Inc., a Delaware corporation ("**Manager**"), and \_\_\_\_\_, a \_\_\_\_\_ ("**Owner**").

**RECITALS**

A. EB Franchises, LLC. ("EB LLC"), a Delaware limited liability company, which is the franchisor of a distinctive concept for a quick service restaurant system which offers limited menu items, primarily hamburgers, under the trademark "Elevation Burger".

B. EB LLC and Owner have entered into a Franchise Agreement dated as of \_\_\_\_\_ (the "**Franchise Agreement**"), pursuant to which EB LLC has granted Owner a license to use EB LLC's trademarks, trade dress and proprietary methods of operation in connection with the operation of the Restaurant, as defined below.

C. Pursuant to its obligations under the Franchise Agreement, Owner has developed an Elevation Burger restaurant, located at \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (the "**Restaurant**").

D. Owner wishes to retain Manager to perform certain management services with respect to the operations of the Restaurant.

E. Manager is prepared to assume and perform such management services, pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, Manager and Owner agree as follows:

**SECTION 1. SCOPE OF SERVICES.**

1.1 Manager shall provide to Owner the services set forth on Exhibit A (the "**Services**"). Owner acknowledges that Manager shall provide the Services through visits and reviews of the Restaurant and its operations that shall occur with such frequency and be of such duration as Manager shall determine in its sole discretion. Owner and Manager each will consult and cooperate with, and assist the other in every reasonable and proper way to permit Manager to carry out its duties hereunder. Unless otherwise agreed in writing by Manager, the Services shall not include any responsibility to prosecute or defend any legal proceedings with respect to Owner or the Restaurant.

**1.2** In carrying out its duties and obligations hereunder, Manager shall have the right, in its sole discretion, to retain or delegate one or more subcontractors, employees, temporary or contract employees, consultants or associates to perform all or any portion of the Services to be provided by Manager hereunder, all of which shall be retained by, and shall report to and be supervised by Manager, and which personnel can be changed from time to time in Manager's discretion. Owner agrees to accept such performance as satisfaction of Manager's obligations hereunder.

**1.3** Owner expressly agrees and acknowledges that Manager is currently actively conducting its own business, and that any or all of its subcontractors, employees, consultants and associates who are providing the Services hereunder may be engaged in other business or activities for Manager. Owner shall have no right hereunder to demand or require that any officer, subcontractor, employee, consultant, affiliate or associate of Manager, or any specific individual, perform services hereunder for a specific number of hours or at any specific time.

**1.4** Owner shall be solely responsible for all services other than the Services, including, without limitation, accounting, human resources, record keeping and similar matters, and Manager shall have no responsibility or obligation with respect thereto.

## **SECTION 2. OBLIGATIONS OF OWNER.**

**2.1** The parties expressly agree and acknowledge that nothing in this Agreement shall be deemed to supersede or modify the duties and obligations of the parties under and pursuant to Franchise Agreement.

**2.2** At all times during the term hereof, Owner shall supply sufficient employees to operate the Restaurant. Owner shall promptly supply Manager with all requested information, including without limitation weekly reports for sales, labor, food and cost-control management.

**2.3** Owner shall pay all of the Operating Expenses, as hereinafter defined, incurred in connection with the operation of the Restaurant. As used herein, "**Operating Expenses**" shall mean and include any and all expenses incurred in connection with the operation of the Restaurant, including but not limited to (i) the fee set forth in Section 5.1 of this Agreement; (ii) all royalties and other charges due to EB LLC; (iii) food, supplies, inventory, materials, consumables, paper products and other products utilized in the operation of the Restaurant, (iv) payroll, benefit costs and other employee expenses, including the cost of store manager(s), assistant manager(s) and staff; (v) utilities, trash removal, water and sewer charges, and similar expenses, (vi) advertising and promotional costs, (vii) rent, common area charges, property taxes and other "triple net" charges and all other occupancy charges related to the Restaurant, (viii) insurance premiums and other insurance costs, (xi) lease payments or loan payments for Restaurant equipment, (x) permit and license fees, and fees, taxes or charges incurred to comply with state or local regulations, (xii) professional fees and expenses incurred in connection with the operation of the Restaurant, and (xii) a reasonable reserve for contingencies and working capital.

### **SECTION 3. INDEPENDENT STATUS.**

3.1 The parties agree and acknowledge that Manager is an independent contractor. Manager and Owner each expressly agree and acknowledge that no provisions hereof shall be construed as being inconsistent with said independent contractor status nor of creating under any circumstances a partnership or employer/employee relationship.

### **SECTION 4. INDEMNIFICATION; INSURANCE.**

4.1 Owner shall indemnify, defend and hold Manager, and Manager's subcontractors, employees, consultants, associates, affiliates, parents, subsidiaries, agents, officers, directors, shareholders, successors and assigns, from and against any and all losses, costs, expenses, liabilities, claims, demands, debts, charges, setoffs, liens, attachments, judgments, actions, causes of action, suits or proceedings, of any nature or description (the "**Claims**"), arising out of, relating to or in connection with the formation and capitalization of the Owner, the operation of the Owner's business or the Restaurant, or any other action or failure to act of the Owner or any of its principals, employees or agents, except, only, those Claims which arise primarily or solely out of (a) any action or failure to act of Manager or any of its subcontractors, employees, consultants, associates, agents, officers, directors or shareholders, which action or failure to act constituted gross negligence or willful malfeasance or misfeasance on the part of such person, or (b) any action or failure to act of Manager or any of its subcontractors, employees, consultants, associates, agents, officers, directors or shareholders, which action or failure to act constituted a material breach of this Agreement.

### **SECTION 5. FEES.**

5.1 As consideration for the Services to be performed by Manager hereunder, Owner agrees to pay Manager via ACH debit the following (check all that apply):

(a)  On or prior to Tuesday of each week for the immediately preceding calendar week, an amount equal to \_\_\_\_\_ percent (\_\_\_\_%) of the Net Sales of the Restaurant for such calendar week. As used herein "**Net Sales**" shall have the meaning ascribed to such term in the Franchise Agreement.

(b)  On or prior to the first business day of each calendar month for such calendar month, an amount equal to \$\_\_\_\_\_.

(c)  On or prior to thirty (30) days after quarter end for such quarter, \_\_\_\_\_ percent (\_\_\_\_%) of the Net Income of the Restaurant for such period. As used herein "**Net Income**" shall mean the Restaurant's earnings before interest, depreciation, taxes and amortization (EBITDA) under GAAP.

(d)  At closing of any sale or other disposition of the Restaurant or substantially all of the assets of or ownership interests in the Owner, an amount equal to \_\_\_\_\_ percent (\_\_\_\_%) of the net consideration received or to be received in excess of Owner's restaurant development cost; provided, however, that

such sum shall only be payable in the event of a sale or other disposition occurring during the term of this Agreement or within two (2) years following termination of this Agreement for reasons other than those enumerated under Section 6.2 of this Agreement.

Owner agrees to execute and deliver to Manager all documents necessary or desirable to accomplish the ACH debit set forth above.

**5.2** Manager shall have the right, at its expense, to audit, inspect or copy the books and records of the Restaurant at any time, or from time to time.

**5.3** In addition to the amounts set forth in Section 5.1 above, Owner shall reimburse Manager for any and all costs and expenses Manager incurs in performing its obligations hereunder, including without limitation a reasonable allocation of overhead and employee costs associated with the Services and the cost of travel and accommodations.

## **SECTION 6. TERM.**

**6.1** Unless sooner terminated in accordance herewith, this Agreement shall continue in full force and effect from the date hereof through \_\_\_\_\_, 20\_\_\_\_ (the "Initial Term"). Thereafter, this Agreement shall be automatically renewed for each subsequent twelve (12) months; provided, however, that after the Initial Term either party shall have the right to terminate this Agreement upon not less than ninety (90) days' written notice.

**6.2** Notwithstanding anything to the contrary contained in this Agreement, Owner, at its election, may forthwith terminate this Agreement by written notice to Manager on the occurrence of any of the following events:

(a) There has been a material default or substantial failure by Manager to perform one or more of its obligations hereunder, or acts or omissions by Manager which prevent, impede or frustrate performance by the Owner, which shall not have been cured within thirty (30) days after written notice specifying the nature of such failure;

(b) Manager making a general assignment for the benefit of creditors;

(c) Manager filing a voluntary petition for reorganization under the provisions of the federal bankruptcy laws, or having an involuntary petition filed against it; or

(d) Manager becoming or being declared insolvent or legally incapacitated.

**6.3** Notwithstanding anything to the contrary contained in this Agreement, Manager, at its election, may forthwith terminate this Agreement by written notice to the Owner on the occurrence of any of the following events:

(a) There has been a material default or substantial failure by the Owner to perform one or more of its obligations hereunder, or acts or omissions by the

Owner which prevent, impede or frustrate performance by Manager, which shall not have been cured within thirty (30) days after written notice specifying the nature of such failure (provided that to the extent Owner's default is a failure to pay an amount due to Manager, Owner shall have ten (10) days within which to cure the default);

(b) The Owner making a general assignment for the benefit of creditors;

(c) The Owner filing a voluntary petition for reorganization under the provisions of the federal bankruptcy laws, or having an involuntary petition filed against it;

(d) The Owner becoming or being declared insolvent or legally incapacitated;

(e) The termination of the Franchise Agreement by EB LLC;

(f) The occurrence of any transfer, assignment or other action requiring the consent of EB LLC under the terms of the Franchise Agreement; or

(g) Upon the sale or other transfer of all or substantially all of the assets of the Owner.

**6.4** If this Agreement is terminated for any reason or expires and the Franchise Agreement is still in effect, Owner must continue to comply with its obligations under the Franchise Agreement, including without limitation, its obligations to employ a trained manager acceptable to EB LLC to manage and operate the Restaurant.

## **SECTION 7. MISCELLANEOUS.**

**7.1 Notices.** Any notice under this Agreement shall be either (a) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered two (2) business days after deposit, postage prepaid, in the U.S. Mail; (b) sent by overnight delivery using a nationally recognized overnight courier, in which case it shall be deemed delivered one (1) business day after deposit with such courier if sent by next day delivery for receipt on a business day; (c) sent by facsimile, in which case notice shall be deemed delivered upon transmission of such notice to the appropriate facsimile number shown above so long as the transmitting facsimile machine registers a confirmation receipt and such receipt shows that the transmission was received during regular business hours at the recipient's address (or if the transmission receipt shows delivery after such business hours, then the notice sent by facsimile will be deemed to be effective on the next business day of the recipient); or (d) sent by personal delivery. The addresses and facsimile numbers for any party may be changed by written notice to the other party. Notices will be sent to:

Manager:

FAT Brands Management, Inc.  
9720 Wilshire Boulevard Suite 500  
Beverly Hills, California 90212  
Att: Chief Financial Officer  
Facsimile No.: (310) 734-1723  
E-mail: CFO@fatbrands.com

Owner:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Att: \_\_\_\_\_  
Facsimile No.: \_\_\_\_\_  
E-mail: \_\_\_\_\_

**7.2 Assignment; Binding Effect.** The Owner expressly agrees and acknowledges that neither this Agreement nor any rights, benefits or obligations hereunder, may be assigned, directly, indirectly, voluntarily or by operation of law, by the Owner, without the prior written consent of Manager. Except as aforesaid, this Agreement, and the rights, duties and obligations of the parties hereunder, shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns.

**7.3 Further Assurances.** All parties to this Agreement shall, upon request and without further consideration, perform any and all acts and execute and deliver any and all certificates, instruments and other documents that may be necessary or appropriate to carry out any of the terms, conditions and provisions hereof or to carry out the intent of this Agreement.

**7.4 Cumulative Rights and Remedies.** All rights and remedies of the parties shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies provided for herein or which may be provided or permitted by law or equity in case of any breach, failure or default or threatened breach, failure or default of any term, covenant or condition of this Agreement. The rights and remedies afforded either party hereby shall be continuing and not exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration or earlier termination of this Agreement shall not discharge or release either party from any liability or obligation then accrued or any liability or obligation continuing beyond or arising out of the expiration or earlier termination of this Agreement.

**7.5 Waivers.** No waiver by either party hereto of any breach or default, or of any of a series of breaches or defaults, or of any term, covenant, or condition herein or of any similar provision of any other agreement shall be deemed a waiver of any subsequent or other breach or default. No policy or practice of Manager maintained with respect to any of the subjects of this Agreement shall constitute an amendment of this Agreement, or a new agreement, or form the basis for an implied contract or an estoppel. No failure of Owner to comply with this Agreement may be excused on account of the alleged failures of other franchisees, or of Manager, to so comply in other Elevation Burger restaurants, or on account of Manager's waiver of compliance for the

purpose of testing different menu items, services, image, appearance, methods of operation, ingredients or supplies.

**7.6 No Exemplary Damages.** Neither party to this Agreement shall assert against the other party any claim for exemplary or punitive damages arising out of the EB LLC-Owner relationship, the formation or performance of this Agreement, any breach of this Agreement, or the operation of the Restaurant.

**7.7 Gender.** All terms used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement may require, the same as if such words had been written in this Agreement themselves.

**7.8 Compliance with Laws.** The Owner shall at its own cost and expense promptly comply with all laws, ordinances, orders, rules, regulations, and requirements of all governmental units and appropriate departments, commissions, boards, and offices thereof relating to the Restaurant and to the business contemplated by this Agreement.

**7.9 Payment of Obligations.** The Owner shall pay promptly when due all obligations incurred directly or indirectly in connection with this Agreement, including, without limitation, all taxes and assessments on or against the Restaurant land, building and other improvements, equipment, fixtures, signs, furnishings and other property, and all accounts and indebtedness of every kind and character incurred by or on behalf of the Owner in the conduct of the business contemplated hereby.

**7.10 Applicable Law.** The Owner acknowledges that the principal business office of Manager is located in Beverly Hills, California, and that a significant portion of the services to be provided hereunder shall be provided in such office, or by personnel operating from such office. In recognition of this, the Owner expressly agrees and acknowledges that this Agreement shall be governed by and construed in accordance with the laws of the state of California, United States of America.

**7.11 Entire Agreement.** This Agreement, the Franchise Agreement and the documents incorporated herein constitute the entire agreement between the parties relating to the subject matter hereof and supersede and cancel any and all prior and contemporaneous agreements, applications, understandings, representations, inducements and statements, oral or written, of the parties in connection with the subject matter hereof. OWNER REPRESENTS AND WARRANTS THAT IT HAS ENTERED INTO THIS AGREEMENT AS THE RESULT OF ITS OWN INDEPENDENT INVESTIGATION AND AFTER CONSULTATION WITH ITS OWN APPROPRIATE ADVISERS, AND NOT AS THE RESULT OF PRIOR REPRESENTATIONS OF MANAGER, ITS AGENTS, OFFICERS, DIRECTORS OR EMPLOYEES.

**7.12 No Amendments.** Except as expressly authorized herein, no amendment or modification of this Agreement shall have any force or effect unless executed in

writing by both the Owner and the chief financial officer or the president of Manager. The Owner must not rely upon statements which are inconsistent with this Agreement unless embodied in an amendment which has been duly executed. Wherever written approval of Manager is required, it shall be understood to require a complete written statement of the matter being approved bearing the signature of the chief financial officer or president of Manager.

**7.13 Partial Invalidity.** If any part of this Agreement shall for any reason be declared invalid, unenforceable or void, the validity of the remainder shall not be affected thereby and shall remain in full force and effect with the invalid, unenforceable or void portion eliminated; however, Manager may, within ninety (90) days after a final judgment of such invalidity, unenforceability or voidness, terminate this Agreement upon notice to the Owner without liability therefor.

**7.14 Discretion.** Wherever this Agreement permits a party to exercise its discretion in deciding a question, it shall be understood that the party may decide the question without regard to anything but its own perception of propriety, and that such decision cannot be attacked on account of the party's purported bias, self-interest, intent or malice, or because the impact of the decision upon the parties is disparate.

**7.15 Time of the Essence.** Time is of the essence for this Agreement.

**7.16 Dispute Resolution.** Owner and Manager shall use their best efforts to resolve any differences which may arise between them by discussion and negotiation rather than litigation. If these methods fail, the parties also agree that all disputes arising out of or in connection with this Agreement shall be submitted to binding arbitration under the rules of the American Arbitration Association, by one or more arbitrators appointed in accordance with the rules of the American Arbitration Association. The place of the arbitration shall be Los Angeles County, California, and any award may be reduced to a judgment in any Court of general jurisdiction.

**7.17 Reserved.**

**7.18 Acknowledgments.** Owner acknowledges and represents to Manager to induce Manager to enter this Agreement, as follows:

(a) OWNER HAS READ THIS AGREEMENT AND UNDERSTANDS AND ACCEPTS THE TERMS, CONDITIONS, AND COVENANTS CONTAINED IN THIS AGREEMENT;

(b) OWNER HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS THAT IS THE SUBJECT OF THIS AGREEMENT. OWNER RECOGNIZES THAT THE NATURE OF THIS BUSINESS INVOLVES BUSINESS RISKS AND THAT THE SUCCESS OF THE VENTURE DEPENDS PRIMARILY UPON OWNER'S BUSINESS ABILITY AND EFFORTS. OWNER STATES THAT IT HAS CONSULTED WITH SUCH PROFESSIONAL ADVISORS AS IT DEEMS NECESSARY TO DETERMINE THAT IT IS FINANCIALLY PREPARED TO ASSUME THE RISKS THAT IT MAY BE INVOLVED IN SUCH A BUSINESS VENTURE;



(c) OWNER HAS NOT RECEIVED OR RELIED UPON ANY PROMISE, REPRESENTATION, GUARANTEE OR WARRANTY, EXPRESSED OR IMPLIED, ABOUT THE REVENUES, PROFITS, OR SUCCESS OF THE RESTAURANT OR THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT;

(d) OWNER IS AWARE THAT MANAGER OWNS EB LLC. OWNER IS ALSO AWARE OF THE FACT THAT SOME PRESENT OR FUTURE FRANCHISEES OF EB LLC MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS WITH MANAGER, AND CONSEQUENTLY, THAT MANAGER'S OBLIGATIONS AND RIGHTS WITH RESPECT TO OTHER FRANCHISEES OF EB LLC MAY DIFFER MATERIALLY;

(e) OWNER IS AWARE THAT THE SUCCESSFUL OPERATION OF A RESTAURANT INVOLVES MANY FACTORS, INCLUDING BUT NOT LIMITED TO, LOCATION, DEMOGRAPHIC PATTERNS, CONSUMER TASTE AND PREFERENCES (BOTH LOCAL AND NATIONAL), COMPETITION AND NUMEROUS OTHER FACTORS, WHICH ARE SUBJECT TO CHANGE, DIFFICULT TO PREDICT, AND BEYOND THE CONTROL OF MANAGER OR OWNER. OWNER EXPRESSLY ACKNOWLEDGES AND AGREES THAT NO ASSURANCE CAN BE GIVEN THAT THE RESTAURANT WILL OPERATE PROFITABLY; AND

(f) NO REPRESENTATIONS HAVE BEEN MADE OR AUTHORIZED BY MANAGER OR ITS AFFILIATES, OR BY ANY OF THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES, SALES PERSONNEL OR AGENTS, THAT ARE CONTRARY TO THE TERMS CONTAINED IN THIS AGREEMENT, AND OWNER HAS NOT RELIED UPON ANY OTHER SUCH REPRESENTATIONS.

IN WITNESS WHEREOF, the parties have set their hands in duplicate as of the day and year first above written.

FAT BRANDS MANAGEMENT, INC.:

OWNER:

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

## Exhibit A

### Services

Manager shall provide to Owner the following Services (check one):

Manager shall consult with Owner regarding the operation and management of the Restaurant. Manager shall make recommendations to Owner regarding the selection criteria, hiring, supervision, discipline and discharge of Owner's employees. Manager shall review the operations of the Restaurant and make recommendations to Owner regarding same. Owner may or may not choose to implement or not any of Manager's recommendations.

Manager shall have complete responsibility for supervising and managing the operation of the Restaurant, including without limitation, day-to-day operations, labor management, local marketing and advertising, and food and beverage cost control. Manager shall have the sole right to determine operating policy, standards of operation, quality of service and any other matters affecting customer relations or efficient management and operation of the Restaurant. In consultation with Owner, Manager shall prepare a written budget with respect to the Restaurant for each fiscal year, or portion thereof, during the term of this Agreement (the "**Budget**"). Manager shall use commercially reasonable efforts to perform the Management Services in a manner consistent with the Budget, and will notify Owner if, in its reasonable opinion, Manager expects to take actions that will result in a material adverse variance from the Budget, or if a revised Budget should be prepared. Except for Manager's supervisory staff, who shall be employees of Manager, Manager shall have limited responsibility with respect to the employees operating the Restaurant, all of whom shall be employees of Owner; *provided, however*, that Manager shall have (1) the sole and exclusive right to train Owner's employees in its discretion; and (2) the right to make recommendations to Owner regarding the selection criteria, hiring, supervision, discipline and discharge of Owner's employees. Manager shall deposit all funds received or generated by the operation of the Restaurant in an account or accounts designated by Owner on a periodic basis mutually acceptable to Manager and Owner. Manager shall also provide Owner with copies of all bills and invoices for Operating Expenses and other costs of operating the Restaurant, which shall be paid by Owner promptly and before delinquency. Manager shall have the sole right to plan, execute and control all marketing, promotional and related activities.

Capitalized terms used herein and not otherwise defined shall have the meaning given them in the Agreement.

**EXHIBIT K**  
**General Release**

GENERAL RELEASE

THIS GENERAL RELEASE (this “**Release**”) is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ (the “**Sellers**”), in favor of EB FRANCHISES, LLC, a Delaware limited liability company (“**EB**”) and each of the other parties identified herein.

WHEREAS, EB and the Sellers are parties to that certain Franchise Agreement, dated \_\_\_\_\_ (the “**Franchise Agreement**”), pursuant to which the Sellers acquired rights to operate an EB restaurant located at \_\_\_\_\_ (the “**Restaurant**”).

WHEREAS, the Sellers desire to sell the Restaurant and transfer their rights under the Franchise Agreement to a third party.

WHEREAS, as provided by Section 12.2.3.4 of the Franchise Agreement, the execution and delivery of this Release is one of several conditions precedent to EB’s consent to the transfer of the Sellers’ rights under the Franchise Agreement to a third party.

NOW, THEREFORE, in consideration of the foregoing and to induce EB to consent to the transfer of Sellers’ rights under the Franchise Agreement to a third party, the Sellers agree as follows:

1. Release.

1.1. Effective as of the date hereof, the Sellers, for themselves and for their affiliates, attorneys, legal representatives, agents, successors-in-interest and assigns, irrevocably and unconditionally release and forever discharge EB and its employees, owners, partners, affiliates, agents, successors-in-interest and assigns (each an “**EB Party**” and collectively, the “**EB Parties**”), and each of them, from any and all causes of action, claims, actions, rights, judgments, obligations, damages, demands, accountings or liabilities of whatever kind and character existing as of the date hereof, which the Sellers, or any of them, have or may have against the EB Parties. Each of the Sellers agrees that each EB Party is a direct beneficiary with respect to each provision of this Release applicable to the EB Party and may enforce each of these provisions.

1.2. The Sellers, for themselves and for their affiliates, attorneys, legal representatives, agents, successors-in-interest and assigns, expressly waive and relinquish all rights and benefits afforded by Section 1542 of the Civil Code of California and do so understanding and acknowledging the significance and consequences of such specific waiver of Section 1542. The Sellers acknowledge that they are familiar with the provisions of California Civil Code Section 1542, which provides as follows:

A general release does not extend to claims that the Creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, and that, if known by him or her, would have materially affected his or her settlement with the Debtor or released party.

The Sellers expressly acknowledge that their release herein is also intended to include in its effect, without limitation, all claims which such party does not know or expect to exist in its favor at

the time of execution of this Release, and that its release herein contemplates extinguishing all of these claims.

1.3. The Sellers represent and warrant to the EB Parties as of the date of this Release that neither of them have assigned nor subrogated any of said rights, claims and causes of action referenced in this Release, or authorized any other person or entity to assert any of these claims on their behalf.

1.4. The Sellers agree and covenant never to file a lawsuit or any administrative proceeding against any EB Party for any causes of action, claims, actions, rights, judgments, obligations, damages, demands, accountings or liabilities of whatever kind and character existing as of the date hereof.

2. Governing Law. This Release has been made and entered into in the State of California and shall be construed in accordance with the laws of the State of California without giving effect to the principles of conflicts of law thereof.

3. Severability. Whenever possible each provision of this Release 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 prohibited or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Release.

4. Captions. The various captions of this Release are for reference only and shall not be considered or referred to in resolving questions of interpretation of this Release.

5. Counterparts. This Release 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.

IN WITNESS WHEREOF, this Release has been made and entered into by the Sellers as of the date and year first above written.

Franchisee

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**EXHIBIT L**

**Brand Technology System Support Services Agreement**

**BRAND TECHNOLOGY SYSTEM SUPPORT SERVICES AGREEMENT**

Customer Information	
Customer:	
Address:	
City:	
State:	Zip Code:
Telephone Number:	Fax Number:
Email Address:	

This **BRAND TECHNOLOGY SYSTEM SUPPORT SERVICES AGREEMENT** (the “**Agreement**”) is made and entered into as of \_\_\_\_\_, 20\_\_ (“**Effective Date**”), by and between EB Franchises, LLC (“**EB**”) and the customer whose name and address appears above, for the Franchised Business (as defined below) #\_\_\_\_\_ located at \_\_\_\_\_ (“**Customer**”). This Agreement also references those suppliers that are designated or approved by Franchisor (as defined below) for use in the Franchised Business, hereafter referred to as “**Approved Suppliers**” and the hardware, software and other items of technology (the “**Brand Technology System Standards**”), all of which have been or will be designed from time to time by Franchisor in its operations manuals or otherwise in writing (the “**Manuals**”).

WHEREAS, Customer is a party to that certain Franchise Agreement with \_\_\_\_\_ (“**Franchisor**”) dated \_\_\_\_\_ pertaining to the ownership and operation of a \_\_\_\_\_ (the “**Franchised Business**”) at location above (the “**Franchise Agreement**”).

WHEREAS, Customer has purchased or subscribed to one or more element(s) of the Brand Technology System, as defined below.

WHEREAS, the Brand Technology System includes various items of hardware and software required for use in or used in the Franchised Business (collectively, the “**Brand Technology System**”).

WHEREAS, EB, directly or indirectly, is willing and agrees to provide certain customer support services to the Customer (the “**Services**”) related to the Brand Technology System.

WHEREAS, Customer agrees to accept such Services and assumes certain responsibilities and obligations as more particularly set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth, the parties agree as follows:

1. **TERM AND TERMINATION.**

(a) The Initial Term of the Agreement shall be from the Effective Date as set forth above for a period of twelve (12) months (“**Initial Term**”). Upon the expiration of

the Initial Term, this Agreement shall automatically renew for successive one-year renewal terms unless one party notifies the other party of its intent to not renew this Agreement with at least sixty (60) days' prior written notice of the then-current term or this Agreement is terminated as otherwise provided herein.

(b) In the event EB no longer provides the Services as described under this Agreement, Customer will be notified in writing and the Agreement will be terminated without penalty sixty (60) days following the date of such notice. In the event that EB terminates the entire Agreement early, EB will refund a prorated amount of fees that Customer paid in advance under this Agreement based on the number of weeks remaining in the term. Such refund shall be Customer's sole and exclusive remedy.

(c) Customer may elect not to renew this pursuant to Section 1(a) of this Agreement. Upon such termination, Customer must obtain comparable Services from a qualified third party, which EB or Franchisor, as applicable, may require such third party to be approved by EB and Franchisor in advance. In the event Customer permanently closes the Franchised Business, sells or transfers the Franchised Business to a third party, Customer shall notify EB in writing no less than ninety (90) days prior to the closure of the Franchised Business and the Agreement shall terminate only with respect to such Franchised Business as of the date of such closure, transfer or sale.

(d) Notwithstanding the foregoing, (i) EB may terminate this Agreement at any time, without cause, upon thirty (30) days' prior written notice; and (ii) the Initial Term shall be coterminous with the Franchise Agreement.

(e) EB may terminate this Agreement should Customer default under Section 3 of this Agreement.

## 2. **CHARGES AND PAYMENTS.**

(a) In exchange for the Services that EB provides to Customer, Customer shall pay EB the fees for the services chosen by Customer as set forth on the Fee Schedule in Attachment 1 (the "**Fees**") attached to this Agreement and incorporated herein. Not all Fees will be billed by EB. In some cases, Fees may be directly billed by supplier.

(b) For any software single fee less than \$600: Customer shall pay EB in advance for all Fees together with any applicable sales, use excise, or other taxes related to the Services on a quarterly basis through ACH.

(c) For any software single fee more than \$600: Customer shall pay EB in advance for all Fees together with any applicable sales, use excise, or other taxes related to the Services, within 10 days of receiving an invoice for the Services through ACH.

(d) EB will issue invoices for Fees on a periodic basis and Customer will pay such invoices in full within fifteen (15) days of the date of invoice.

(e) All payments of Fees made through ACH shall occur no more than fifteen (15) days before the quarter for which Customer is making payment. Customer shall



execute the Bank Authorization Agreement for ACH transactions prescribed from time to time by EB.

(f) Customer shall notify EB within ten (10) days of any changes to bank information which will affect ACH withdrawals, including but not limited to bank account numbers, bank routing numbers, and insufficient funds.

(g) If for any reason Customer fails to pay any invoice issued pursuant to or in connection with this Agreement when due, EB may charge Customer interest at eighteen percent (18%) per annum, or the highest rate allowed by applicable law, until paid in full. Additionally, EB shall have the right to stop performing the Services until Customer pays in full all amounts owed under this Agreement. Upon termination of this Agreement, Customer shall still remain obligated to pay EB all monies owed pursuant to this Agreement.

(h) For any hardware supplied by EB, Customer shall pay EB in advance by credit card for all such hardware, shipping, applicable taxes and a credit card fee of 4%.

(i) Charges for special shipping services beyond those that are standard or otherwise listed in this Agreement (such as Saturday delivery), are not included in the Fees and are Customer's responsibility. The Customer shall pay EB its current hourly rate, including labor, travel time and expenses, if the Customer requests EB to dispatch a Help Desk technician to a Customer site for training or support. All additional costs allowed under this Agreement, including those listed in Section, may be collected through the ACH withdrawal.

3. **DEFAULT.** Each of following shall constitute an “**Event of Default**” by Customer:

(a) Non-payment when due of any amount due and payable under this Agreement;

(b) Upon thirty (30) days prior written notice of breach from EB, Customer's breach of any of its obligations under this Agreement (except for Customer's payment obligations under this Agreement) that remains uncured after expiration of such notice period;

(c) Customer becomes insolvent or commits an act of bankruptcy under the United States Bankruptcy Act, or shall file or have filed against it, voluntarily or involuntarily, a petition in bankruptcy or for reorganization or for the adoption of an arrangement or plan under the United States Bankruptcy Code or shall procure or suffer the appointment of a receiver for any substantial portion of its properties, or initiates or have initiated against it, voluntarily or involuntarily, any act, process or proceeding under any insolvency law or other statute or law providing for the modification or adjustment of the rights of creditors; or

(d) Customer fails to observe or perform any covenant or agreement binding on Customer under any other agreements it has with EB within any applicable cure period.

4. **REMEDIES.**

(a) If an Event of Default occurs and continues beyond any applicable cure period, EB may do any of the following:

- (i) immediately terminate this Agreement;
- (ii) stop performing any of the Services until the Event of Default is cured;
- (iii) declare any amounts owed under this Agreement, whether then due or to become due, immediately due and payable and recover damages for such unpaid amount; and/or
- (iv) require the immediate return of any leased or on-payment equipment to the appropriate dealer or vendor or EB directly.

(b) An Event of Default under this Agreement shall constitute a default under any other agreement between EB and Franchisor and Customer, including Customer's Affiliates. For purposes of this Agreement, an "Affiliate" of the Customer shall mean any person or entity which owns: (1) a majority of the equity interests of the Customer, (2) a majority of the equity interests of which is owned by the Customer, or (3) a majority of the equity interests of which is owned by a person or entity which owns a majority of the equity interests of the Customer. As used in this Agreement, "owns" or "owned" shall include both direct and indirect ownership.

(c) The remedies set forth in this Agreement are not exclusive, but are cumulative and in addition to any other remedies otherwise available to EB and Franchisor in law and equity.

5. **EXCLUSION FROM SERVICE.** Unless agreed otherwise in writing, EB shall have no obligation to provide Services: (i) to maintain, repair or replace equipment or parts that are identified as "hardware" in the Manuals or otherwise in writing (the "**Equipment**") when necessitated by catastrophe (including without limitation electrical surges or outages), accidents, neglect, misuse, spillage, fault or negligence of Customer, faulty electric power or air-conditioning, or any other causes; (ii) to service or repair accessories, apparatuses, attachments, or any other devices that EB does not support; (iii) to make changes, modifications or alterations to Equipment; (iv) to rebuild or overhaul Equipment; (v) to replace expendable parts on the Equipment, including but not limited to printer consumable supplies, cables, or removable media; (vi) for any software listed in the Manuals or otherwise in writing (the "**Supported Software**") when necessitated by catastrophe, accidents, neglect, misuse, fault or negligence of Customer, faulty electric power or air-conditioning, or any other causes other than ordinary use; (vii) to correct any problems in the functionality of the Software that are caused when the Software is used in conjunction with software that is not software approved by EB or Franchisor or used on a system other than the Brand Technology System on which the Software was originally installed; or (viii) to support any software or hardware not listed in the Manuals.

6. **LIMITATIONS OF SERVICE.** The Help Desk is accessible via email, text and telephone during the business hours listed in the Manuals. Any requests for service after these hours of operation will be addressed the following business day.

7. **WARRANTY CLAIMS ON EQUIPMENT AND SUPPORTED SOFTWARE.** With respect to the Equipment and Supported Software, EB may act as an agent to facilitate warranty or maintenance claims on behalf of Customer. EB shall not provide Services to Customer for any Equipment or Software for which Customer has not obtained from the appropriate manufacturer or vendor a warranty or maintenance agreement. EB cannot guarantee resolution for any Equipment or Software issue more quickly than the response and repair time of the manufacturer or vendor providing warranty or maintenance services for such Equipment or Software. It is the Customer's sole responsibility to maintain warranty or maintenance coverage on all Equipment that are required for a complete functioning Brand Technology System, including but not limited to the PC, printers, POS system, networking equipment, communications equipment or server and internet connectivity. In the event that Customer requires additional services from EB to restore full functionality of the Brand Technology System following the failure of a system not covered by a required warranty or maintenance, Customer shall pay EB its current hourly rate, including labor, travel time and expenses, plus shipping and material costs incurred while restoring system functionality. Customer shall pay for such additional services within five (5) days of EB's provision of such services.

8. **CUSTOMER OBLIGATIONS.**

(a) Conditions Precedent to EB Obligations: As a condition precedent to EB performing its obligations herein, Customer agrees to the following:

(i) Subject to the terms of Section 2 of this Agreement, Customer shall keep current all payments for Fees.

(ii) Customer shall adhere to all Brand Technology System standards for hardware, software, processes, business rules and requirements as designated or required by the Franchisor from time to time which \*\*defined in the **[Manuals]**, which may be updated from time to time.

(iii) Customer shall maintain current warranty or maintenance coverage on all Equipment and Supported Software comprising the Brand Technology System, including but not limited to the PC, printers, POS system, networking equipment, communications equipment, server or internet connectivity. In the event that warranty or maintenance service is no longer available from the manufacturer, dealer or vendor, or expires, Customer shall purchase replacement Equipment that is covered by warranty or maintenance service prior to expiration of coverage or within thirty (30) days of notification by EB, whichever is earlier, at Customer's sole expense.

(iv) Customer shall provide proof of warranty or maintenance service agreement with the appropriate manufacturer or vendor for all supported Equipment and Software upon renewal or request by EB.

(v) Customer shall pay all costs of repair or troubleshooting for the Equipment that is not covered under the applicable warranty.

(vi) Customer shall pay EB or the appropriate vendor all fees for support and maintenance of the Supported Software.

(vii) Customer shall use a EB-approved POS system, as detailed in the Manuals.

(viii) Customer shall repair or replace within seventy-two (72) hours any equipment or cabling that due to failure or defect interferes with the normal operation of the Brand Technology System, prevents the Brand Technology System from communicating with the POS system, or prevents the Brand Technology System from communicating with EB servers. This will include, but is not limited to, Customer's server and internet connectivity.

(ix) For Customers who are not on the approved or designated Equipment, Customer shall obtain all support for the POS system directly from its POS system support vendor for hardware, programming and steering. EB or a help desk designated by EB will provide support for Customers who are on a non-standard POS system.

(x) Customer shall not install any software, other than that listed as approved in the Manuals on any of the Brand Technology System equipment. If unauthorized software is found on any of the Brand Technology System equipment, EB may remove it without advance notice to Customer, and all costs for such removal and restoration of the system to approved standards will be billed to Customer at an hourly rate not to exceed EB's then current rate. Customer shall pay for such removal and restoration within five (5) days of EB's provision of such services.

(xi) Customer shall not grant to anyone other than the Help Desk personnel or EB's information technology staff any administrative privileges for the Brand Technology System without advance approval from a EB information technology leadership team member.

(xii) Customer shall maintain at least one general manager or restaurant manager per restaurant that has attended the approved Brand Technology System training provided by EB.

(xiii) Notwithstanding (xii) of this Section, Customer shall maintain at least one person, the key operator, supervisor or other employee with supervisory authority over Customer's restaurant(s), who has been approved by EB and is properly trained on the Brand Technology System. This person shall provide support to Customer's restaurants for all Customer-specific Brand Technology System support needs. This person must receive calls from Customer-owned restaurants and/or EB if the person's support or involvement is needed. In the event a Customer-owned restaurant is unable or unwilling to resolve a problem concerning the Brand Technology System that is within its control, the person hereunder will be contacted and requested to work with the restaurant directly until the problem has been resolved.

(xiv) Customer shall ensure that its personnel receive ongoing training in the use and operation of the Brand Technology System. If Customer contacts the Help Desk for support of functions that are included in the Brand Technology System training program or Online Help that could have been resolved by Customer personnel properly trained and certified, then EB may invoice Customer for such support at its then current hourly rates. Customer shall pay all fees for such support within five (5) days of EB's provision of such services.

(xv) Customer agrees to update or upgrade, as necessary, to maintain compliance with all EB technology changes, enhancements and additions, pertaining to the Brand Technology System as updated in the Manuals or otherwise. Hardware or software upgrades or employee training may be required, at Customer's expense, in the event of a change to major technology standards, as determined by EB, or in the event that Customer's hardware or software is beyond the supported end of life as defined by the manufacturer.

(xvi) Customer shall adhere to EB POS system programming schedules as identified in the Manuals.

(xvii) Customer shall cause a properly certified employee to input and maintain on the Brand Technology System all vendor related information.

(xviii) Customer must have a land-line telephone that reaches to the Brand Technology System equipment.

(xix) Customer shall cause reasonable restaurant level cooperation with the Help Desk staff in problem solving via the telephone and/or electronic communications such as email or online chat.

(xx) Upon EB approval, Customer shall ship to EB broken Equipment for repair within five (5) days of receiving replacement Equipment. Customer agrees to fax or email the Help Desk a copy of the air bill at the time of shipment to facilitate tracking.

(xxi) Customer shall maintain proof of ownership for software licenses.

(xxii) Customer is responsible for accurate data entry into the Customer's POS system and Brand Technology System.

(xxiii) Customer is responsible for establishing and maintaining an internet connection with an approved Internet Service Provider ("ISP").

If at any time Customer is not in compliance with any of the condition precedents listed above, Customer shall be deemed to be in default and EB may immediately cease providing the Services until the noncompliance is cured or terminate this Agreement under Section 1 of this Agreement.

9. **HELP DESK SUPPORT.**

(a) The Services shall include Customer access to the help desk (the “**Help Desk**”) during the hours of operation specified in the Manuals. Help Desk support will include assisting with problems pertaining to:

- (i) The Equipment;
- (ii) The Supported Software Manuals;
- (iii) The virtual local area network (VLAN), with the exception of the Customer’s ISP; and
- (iv) Next day reporting via the current EB standard reporting solution.

(b) EB may provide second level support through other EB resources, including, but not limited to, its Information Technology, Accounting and Training departments. EB may access Customer’s PC, network hardware, POS system, or any other above store systems or databases as needed in order to provide support, perform upgrades and system maintenance, ensure the security of the network, ensure compliance with laws and industry regulations and EB’s requirements, and perform other tasks required for support of the Brand Technology System. This may be done without the prior notification of the Customer.

10. **EB OBLIGATIONS.** Subject to the terms of this Agreement, EB shall provide the following Services:

(a) EB may make any warranty or maintenance claims that Customer may have with the appropriate manufacturer of the Equipment and coordinate with such manufacturer the warranty or maintenance service that is required and permissible under the appropriate Equipment warranty or maintenance agreement. EB shall only provide these Services for Equipment that Customer has executed a warranty or maintenance agreement with the manufacturer of such Equipment.

(b) EB may make any maintenance or support claims that Customer may have with the appropriate vendor of the Supported Software and coordinate with such vendor the maintenance or support service that is required and permissible under the appropriate Supported Software maintenance or support agreement. EB shall only provide these Services for Supported Software that Customer has executed a maintenance or support agreement with the vendor of such Supported Software.

(c) EB (through the Help Desk) shall prioritize all Customer calls, as it deems appropriate from time to time. Initially, calls will be prioritized based upon the following criteria:

- (i) Priority 1 = system down due to hardware failure or software corruption. The virtual local area network (VLAN) is down and credit card processing is completely unavailable.

(ii) Priority 2 = system functionality issues. The Customer cannot perform daily tasks on the Brand Technology System such as scheduling or inventory, administrative functions such as Customer cannot retrieve e-mail or does not have access to a form.

(iii) Priority 3 = training issues. Customer is asking “how to” questions or ask for investigation of possible issues with recipes or food cost issues.

(d) EB shall use a call tracking application to track all Brand Technology System Equipment and Supported Software issues, documenting each incident.

(e) EB shall provide, upon Customer’s request, but not more frequently than once per month, Customer’s history of Brand Technology System Equipment and Supported Software issues.

(f) EB shall conduct periodic customer satisfaction surveys.

(g) To the extent that EB has been notified in advance from the third-party suppliers, EB shall provide notification, via e-mail or alternate methods if necessary, of planned and unplanned outages that may or will affect service or availability of systems.

(h) EB will provide POS system programming updates per the schedule set forth in the Manuals.

(i) EB will provide network monitoring and problem resolution for connectivity to Customer’s systems, such as e-mail or polling, and access to any of the approved Internet sites as listed in the Manuals as well as connectivity problems to the Franchisor’s approved credit processing provider as listed in the Manuals.

(j) In the event Customer is dissatisfied with the Services, the following escalation path should be taken:

(i) Help Desk Supervisor

(ii) Director of Information Technology

(iii) Senior most office directly responsible for Franchise operations

(k) **EB Depot Equipment Obligations.** Subject to the terms of this Agreement, EB shall provide the following additional Services (the “**Depot Services**”) with respect to certain Equipment as part of the Brand Technology System (the “**Depot Equipment**”):

(i) EB may, in its reasonable discretion, replace any part of a PC or the entire Brand Technology System that is the subject of a valid warranty claim with the manufacturer.

(ii) EB may, in its reasonable discretion, replace the hard drive or other components of a PC as a fix to a Supported Software issue.

(iii) EB shall provide same day standard shipping of replacement Depot Equipment for all problems diagnosed prior to 3:00 PM PST. Replacement Depot Equipment for problems diagnosed after 3:00 PM PST will be shipped on the following business day via standard shipping. Standard shipping method is Ground service.

(iv) EB shall provide Saturday and Next-Day Early A.M. deliveries at Customer's request and expense for all Depot Equipment.

(v) EB shall provide return labels for ground shipping Depot Equipment to EB for repair.

(vi) EB shall replace any Depot Equipment that it replaces pursuant to this Agreement with equipment/parts of equal or greater capacity.

(vii) EB shall send weekly email(s) for non-returned Depot Equipment with Customer's charges for replacing the Equipment including, without limitation, the original retail value of the Depot Equipment to be returned.

(viii) EB reserves the right to adjust its services concerning Depot Equipment as needed from time to time.

#### **11. WORKMANSHIP WARRANTY AND DISCLAIMER OF ALL OTHER WARRANTIES.**

(a) EB warrants that the Services provided by EB personnel will be rendered by competent professionals with the degree of skill and care that is required by current good and sound professional procedures and practices in accordance with industry standards. If EB breaches this limited warranty, Customer shall be entitled to re-performance of defective services at no additional cost to Customer and in such time and manner as is reasonable in light of the nature of the Services and their impact on the business operations of the Customer. This shall be Customer's sole and exclusive remedy for EB's breach of this limited warranty. This warranty does not cover any services that a third party renders, such as warranty work that a manufacturer performs on Equipment or maintenance work that a vendor performs on Software.

(b) EB is not providing any warranty whatsoever with respect to the Equipment and Software. Customer shall obtain any warranties on the Equipment and Software from the appropriate manufacturer or vendor of the Equipment and Software. EB provides no warranty with respect to any data that it or others input into the Brand Technology System.

(c) OTHER THAN THE WARRANTY PROVIDED ABOVE, EB EXPRESSLY DISCLAIMS ALL WARRANTIES WITH RESPECT TO THE SERVICES THAT EB IS RENDERING UNDER THIS AGREEMENT, THE DATA AND INFORMATION THAT IT INPUTS INTO THE BRAND TECHNOLOGY SYSTEM,



THE BRAND TECHNOLOGY SYSTEM, THE EQUIPMENT OR THE SOFTWARE, WHETHER SUCH WARRANTIES ARE EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, IMPLIED WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE, NON-INFRINGEMENT, AND IMPLIED WARRANTY ARISING BY USAGE OR TRADE, COURSE OF DEALING, COURSE OF PERFORMANCE, OR THAT THE BRAND TECHNOLOGY SYSTEM SHALL BE ERROR FREE OR OPERATE UNINTERRUPTED .

12. **INDEMNIFICATION.** Customer agrees to defend, indemnify and hold EB, its affiliated and related entities, its and their respective members, officers, directors, shareholders, employees, agents and representatives, harmless from and against all liabilities, losses, attorneys' fees, fines, penalties or any other damages (collectively, the "**Damages**") arising out of or on account of any claims, causes of actions or proceedings that any third party or governmental party may bring to the extent such Damages arise from: (i) Customer's breach or alleged breach of its license for the Software; (ii) Customer's breach or alleged breach of Customer's agreements with any manufacturer of the Equipment; (iii) any negligent act, omission, or willful misconduct of Customer in the performance of this Agreement; (iv) Customer's breach of any covenant, warranty or representation set forth in this Agreement; (v) Customer's use of the Brand Technology System including, without limitation, Customer's use of the Brand Technology System in conjunction with hardware and/or software not approved by EB; or (vi) infringement or alleged infringement from Customer's use of the Brand Technology System in conjunction with hardware and/or software not approved by EB. The terms of this Article 12 shall survive the termination or expiration of this Agreement.

13. **LIMITATION OF LIABILITY.**

(a) EB SHALL NOT BE LIABLE FOR ANY DATA THAT IT RECEIVES FROM CUSTOMER AND INPUTS INTO THE BRAND TECHNOLOGY SYSTEM. EB DISCLAIMS ANY LIABILITY FOR ANY ERRORS OR ACCURACY IN THE DATA OR INFORMATION IT INPUTS (OTHER THAN ERRORS THAT ARE THE RESULT OF EB'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT). EB SHALL NOT BE LIABLE FOR ANY ERRORS OR DEFECTS IN THE SOFTWARE OR EQUIPMENT.

(b) EXCEPT FOR THE INDEMNITY OBLIGATIONS SET FORTH HEREIN, NO PARTY SHALL UNDER ANY CIRCUMSTANCES BE RESPONSIBLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES OR LOSSES (INCLUDING, BUT NOT LIMITED TO, LOSS OF REVENUE, DATA, PROFIT OR USE OR COST OF CAPITAL), ARISING OUT OF OR RELATED IN ANY WAY TO THE TRANSACTIONS CONTEMPLATED IN THIS AGREEMENT, EVEN IF THE OFFENDING PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. UNDER NO CIRCUMSTANCES SHALL EB'S TOTAL LIABILITY OF ALL KINDS ARISING OUT OF OR RELATED TO THIS AGREEMENT, REGARDLESS OF THE FORUM AND REGARDLESS OF WHETHER ANY ACTION OR CLAIM IS BASED ON CONTRACT, STRICT LIABILITY, TORT OR OTHERWISE, EXCEED THE TOTAL AMOUNT THAT CUSTOMER PAYS TO EB FOR THE SERVICES FOR THE SIX (6) MONTHS LEADING UP TO THE DATE OF THE CLAIM.

(c) EB is not responsible for hard drive crashes unless such crash is a result of EB's gross negligence or willful misconduct. If a hard drive needs to be reloaded with Software, EB will provide the standard Brand Technology System image and the restaurant specific information will be retrieved from the restaurant's system backup, if available. EB is not responsible for lost data due to backup failures.

14. **CONFIDENTIAL INFORMATION.** During the term of this Agreement, Customer may have access to and become familiar with various trade secrets, confidential or proprietary information of EB, including but not limited to specifications, drawings, samples, plans, business operations, pricing, menus, discounts or rebates, compilations of data and information selected, arranged and processed by EB, invoices, restaurant development information, marketing plans, financial information of EB, and other technical, marketing and/or business information disclosed by EB to Customer, whether oral or written in electronic or other form or media, and whether or not marked, designated or otherwise identified as "confidential" and all improvements, developments, supplements and derivations of any of the foregoing (collectively referred to herein as "**Confidential Information**"). Customer agrees that it shall use the Confidential Information solely for performing its obligations under this Agreement and that such Confidential Information may not be disclosed or otherwise used except upon EB's prior written consent, which may be withheld in its discretion. Customer shall further take reasonable precautions and act in such a manner as to ensure against unauthorized disclosure or use of EB's Confidential Information in Customer's possession or control. This Section shall not apply to information that is (i) in the public domain, (ii) known to Customer at the time of disclosure, or (iii) rightfully obtained by Customer on a non-confidential basis from a third party. Any and all files, records, documents, information, data, and similar items relating to the business of EB, any of EB's contacts, vendors or contractors or any of the Confidential Information, whether prepared by Customer or otherwise coming into its possession as a result of its services for EB, shall remain the exclusive property of EB. Customer shall promptly deliver to EB or destroy, at EB's sole discretion, any of EB's Confidential Information in Customer's possession or control (without Customer retaining any copies) upon expiration or termination of this Agreement.

15. **GOVERNING LAW.** The existence, validity and construction of this Agreement shall be governed in all respects by the substantive laws of the State of California. With respect to any claims concerning this Agreement, each party agrees: (i) to submit to the exclusive general jurisdiction of the Courts of the State of California or the federal courts that are located in Los Angeles, California; (ii) that any such action or proceeding may be brought in such courts; and (iii) to waive any objection that it may have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same.

16. **ATTORNEYS FEES AND ENFORCEABILITY.** If any action at law or equity is brought to enforce or interpret any of the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs in addition to any other relief to which it may be entitled. In the event a provision of the Agreement is held by any court to be invalid, void or unenforceable by action of law or equity, the remaining provisions shall continue in full force and effect and such invalid, void or unenforceable provision shall be stricken from this Agreement.

17. **NOTICE.** Notice to be submitted by either party shall be sufficiently given if made in writing and sent by prepaid Certified Mail, or hand delivered as evidenced by signed receipt, or by express delivery with a nationally recognized carrier. Until either party provides notice to the

other party of a change in address, all notices shall be sent to the addressee specified below to the attention of the persons named:

If to EB:

If to Customer:

EB Franchises, LLC  
Attn: Legal Department  
9720 Wilshire Blvd., Suite 500  
Beverly Hills, CA 90212

18. **ENTIRE AGREEMENT AND MODIFICATION.** This Agreement and all documents and agreements referred to in this Agreement supersede all prior understandings, agreements and discussions between the parties concerning this subject matter, with such prior understandings, agreements and discussions between the parties being merged into this Agreement, and constitute the entire agreement between the parties with regard to this subject matter. The parties have not relied upon any promises, representations, warranties, agreements, covenants or undertakings, other than those expressly set forth or referred to herein. No amendment, change, waiver or discharge hereof shall be valid unless in writing and signed by the party against whom enforcement is sought.

19. **ASSIGNMENT.**

(a) EB may assign this Agreement and any or all benefits and obligations arising from it at any time.

(b) Customer shall not assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of EB, and any such assignment lacking consent shall be null and void. This Agreement shall be binding on and shall inure to the benefit of the successors and assignees of the Customer hereto, but nothing in this Article shall be construed as a consent to any assignment of this Agreement by EB except as provided hereinabove.

20. **NO WAIVER.** Waiver of the benefit of any provision of this Agreement must be in writing to be effective. The waiver by any party hereto of a breach of any provision hereof shall not operate or be construed as a waiver of any subsequent breach. No action taken pursuant to this Agreement shall be deemed to constitute a waiver by such party of compliance by the other party hereto with any of the covenants or other obligations contained herein. A failure by a party to insist upon strict compliance with any term of this Agreement, enforce any right or seek any remedy upon any default of any other party shall not affect, or constitute a waiver of, such party's right to insist upon such strict compliance, enforce that right or seek that remedy with respect to that default or any prior, contemporaneous or subsequent default.

21. **DELAYS.** EB shall not be liable for any failure or delay in delivery or in rendering service if the failure or delay is caused entirely or in material part by events beyond EB's control, including but not limited to fire, tornado, flood, earthquake, civil turmoil, labor dispute, failure or delay of transportation, or shortage or unavailability of parts or units. Shipping is subject to availability of the carriers. EB is not responsible in any way for delays or damages caused by the carrier.

22. **HOLIDAYS.** EB recognizes the holidays set forth in the Manuals. The Help Desk may not be available on those holidays as set forth in the Manuals.

23. **EXCLUSIONS FROM SERVICES.** The following items are excluded from this Agreement and will not be supported by EB in the event of a failure:

- (a) Non-standard hardware
- (b) Non-standard software
- (c) Unapproved POS hardware and software
- (d) Unapproved exports or Interfaces to external systems such as Payroll, Accounting, (GL, etc.)
- (e) Internet Service Providers or telephone vendors
- (f) Updates or corrections to vendor information

As used herein, the terms “non-standard” and “unapproved” refer to such items that are not expressly identified in the Manuals as being in compliance with EB’s Brand Technology System requirements.

24. **AUTHORITY.** All parties signing this Agreement expressly represent and warrant that they have the requisite authority to enter into this Agreement on behalf of the party for which they are signing.

25. **COUNTERPARTS.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument. Execution of this Agreement via facsimile shall be effective, and signatures received via facsimile shall be binding upon the parties hereto and shall be effective as originals.

26. **ASSIGNMENT OF INVENTIONS.**

(a) Customer shall make full and prompt disclosure to EB of all inventions, improvements, modifications, discoveries, creations, works of authorship, methods, processes and developments which are related to the Brand Technology System (all of which are collectively termed “**Work Product**”), and which are made or conceived by Customer, alone or with others, whether or not such developments are patentable, copyrightable, registerable as a trademark, servicemark or the like, or protected as confidential information, whether or not such developments are made or conceived during normal working hours or on the premises of Customer.

(b) All Work Products shall belong to EB, its successors and permitted assigns. Customer shall automatically assign, and shall cause its personnel automatically to assign, at the time of creation of the Work Product, without any requirement of further consideration, any right, title, or interest it or they may have in such Work Product, including any patents or copyrights or other intellectual property rights pertaining thereto. Upon request of EB, Customer shall take such further actions, and shall cause its personnel to take such

further actions, including execution and delivery of instruments of conveyance, as may be appropriate to give full and proper effect to such assignment. The terms of this Section 26(b) shall survive beyond the expiration or termination of this Agreement.

(c) EB shall determine, in its sole and absolute discretion, whether an application for patent, for copyright, for trademark, for mask work registration, or for any other intellectual property right shall be filed on any Work Product which is assigned to EB under this Agreement and whether such an application shall be prosecuted or abandoned prior to issuance or registration. Customer shall cooperate with EB in filing and prosecuting all such applications.

(d) Customer shall have a non-exclusive, perpetual, royalty-free license to use the Work Product, without any right to sublicense to unrelated third parties.

(e) This Section 26 shall survive termination or expiration of this Agreement.

*[signature page follows]*

IN WITNESS WHEREOF, the undersigned have set their hands as of \_\_\_\_\_  
\_\_\_\_\_.

EB Franchises, LLC

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

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Address: 9720 Wilshire Blvd., Suite 500  
Beverly Hills, CA 90212

**Customer:**

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

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

## ATTACHMENT 1

### FEE SCHEDULE

Brand Technology System Services \$840 (minimum requirement) - \$ 1500 total annually, including VLAN, and depending on the options that are chosen by Customer (premier service not included).

<b>Mandatory FAT Brands IT Costs</b>				
	<b>*Low</b>	<b>*High</b>		
Mandatory Help Desk Support	<b>\$840</b>	<b>\$1,500</b>	Annually	Billed By FAT

<b>Premium Optional Services Offered By FAT Brands IT</b>				
Additional Services Not Mandatory				
<b><u>Premium Optional Services</u></b>				
Premise Security Package	\$900		Annually	Billed By FAT
PCI Compliance Management	\$480		Annually	Billed By FAT
Additional WAPS	\$216		Annually	Billed By FAT
Additional Phone/Seat	\$240		Annually	Billed By FAT
Additional Cameras	\$180		Annually	Billed By FAT
Secured BOH Desktop/Laptop w/ maintenance and monitoring	\$1,200		Annually	Billed By FAT

## **SCHEDULE 1**

### **Table of Contents of Operating Manuals**



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# Operations Manual

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**SCHEDULE 2**

**Addenda to Disclosure Document**

**EB FRANCHISES, LLC  
ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT  
CONTAINING ADDITIONAL INFORMATION  
REQUIRED BY VARIOUS STATES**

**THE EB FRANCHISES, LLC FRANCHISE DISCLOSURE DOCUMENT (“FDD”)  
CONTAINS INFORMATION  
REQUIRED BY BOTH THE FEDERAL TRADE COMMISSION AND BY  
VARIOUS STATES. THESE ADDENDA TO THE FDD  
CONTAINS INFORMATION REQUIRED EXCLUSIVELY BY THESE  
STATES, AND ARE BEING PROVIDED  
TO YOU AT THE SAME TIME AS THE FDD.  
THE INFORMATION CONTAINED HEREIN MUST BE  
REVIEWED IN CONJUNCTION WITH THE FDD.**

**THE PROVISIONS OF THESE ADDENDA ONLY APPLY  
TO THE EXTENT THE JURISDICTIONAL REQUIREMENTS  
OF THESE LAWS ARE MET INDEPENDENTLY,  
WITHOUT REFERENCE TO THE ADDENDA.**

**ADDENDUM TO THE DISCLOSURE DOCUMENT OF EB FRANCHISES, LLC**  
**REQUIRED BY THE STATE OF CALIFORNIA**

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.

Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning transfer, termination 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 which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

YOU MUST SIGN A GENERAL RELEASE 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 31505). 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).

Neither EB FRANCHISES, LLC nor any person in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

The earnings claims figures, if any, do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in the franchise disclosure document, may be one source of this information.

**ADDENDUM TO THE DISCLOSURE DOCUMENT OF EB FRANCHISES, LLC**  
**REQUIRED BY THE STATE OF HAWAII**

1. Item 3 is amended by adding the following:

Except as disclosed in Item 3, no person identified in Item 2 has within the last 10 years:

A. Been found guilty of a felony or held liable in a civil action by final judgment if the civil action involved a fraud, embezzlement, fraudulent conversion or misappropriation of property; or

B. Is subject to any currently effective order of the Securities and Exchange Commission or the securities administrator of any state denying registration to or revoking or suspending the registration of such person as a securities broker or dealer or investment advisor or is subject to any currently effective order of any national security association or national securities exchanges (as defined in the Securities and Exchange Act of 1934) suspending or expelling such person from membership of such association or exchange; or

C. Is subject to any currently effective order or ruling of the Federal Trade Commission or is subject to any currently effective order relating to business activity as a result of an action brought by any public agency or department.

2. Item 17 is amended by adding the following to the bottom of each of the tables:

In order for the Franchisee to renew or extend the Franchise as provided in subsection c. above, or for the Franchisor to approve a transfer of a Franchise as provided in subsection m. above, the Franchisee must execute a general release, in a form prescribed by the Franchisor, of any and all claims against the Franchisor and its subsidiaries and affiliates, and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities, excluding only such claims as Franchisee may have that arise under the Hawaii Franchise Investment Law.

3. Item 17 is amended by adding the following to the bottom of the section:

“Obligations Upon Termination or Expiration” Notwithstanding anything to the contrary in Item 17 or in the Franchise Agreement, the Franchisor will comply with Hawaii law which currently requires that the Franchisor compensate the Franchisee upon termination or refusal to renew the franchise for the fair market value, at the time of the termination or expiration of the franchise, of any inventory, supplies, equipment and furnishing which were purchased from the Franchisor or a supplier designated by the Franchisor. Personalized materials which have no value to the Franchisor need not be compensated for. If the Franchisor refuses to renew a franchise for the purpose of convening the franchisee’s business to one owned and operated by the Franchisor, the Franchisor in addition must compensate the franchisee for the loss of goodwill. The Franchisor may deduct reasonable costs incurred in removing, transporting and disposing of the franchisee’s inventory,

supplies, equipment, and furnishings pursuant to these requirements, and may offset any moneys due the Franchisor.

4. Each provision of this Addendum to the disclosure document is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E-1, et seq., are met independently without reference to this Addendum to the disclosure document, and only to the extent such provision is a then valid requirement of the statute.



**ADDENDUM TO THE DISCLOSURE DOCUMENT OF EB FRANCHISES, LLC**  
**REQUIRED BY THE STATE OF ILLINOIS**

Illinois law governs the Franchise Agreement.

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

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

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

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

**ILLINOIS**  
**ADDENDUM TO FRANCHISE AGREEMENT**

The undersigned hereby acknowledge and agree that, notwithstanding anything to the contrary set forth in the Franchise Agreement:

Illinois law governs the Franchise Agreement.

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

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

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

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

**FRANCHISOR:**

EB FRANCHISES, LLC  
a Delaware limited liability company

By: \_\_\_\_\_  
\_\_\_\_\_, 20\_\_

Its: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_  
\_\_\_\_\_, 20\_\_

Its: \_\_\_\_\_

**ILLINOIS**  
**ADDENDUM TO MULTI UNIT RESTAURANT AGREEMENT**

The undersigned hereby acknowledge and agree that, notwithstanding anything to the contrary set forth in the Multi-Unit Restaurant Agreement:

Illinois law governs the Multi-Unit Restaurant Agreement.

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

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

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

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

**FRANCHISOR:**

EB FRANCHISES, LLC  
a Delaware limited liability company

By: \_\_\_\_\_, 20\_\_

Its: \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_, 20\_\_

Its: \_\_\_\_\_

**ADDENDUM TO THE DISCLOSURE DOCUMENT OF EB FRANCHISES, LLC**  
**REQUIRED BY THE STATE OF MARYLAND**

1. Item 5

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees to franchisor shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by multi-unit developers shall be deferred until the first franchise under the multi-unit restaurant agreement opens.

2. Item 6 under the subheading "National Advertising Fund," will be modified by adding the following paragraph at the end of the section:

Upon reasonable written request, we will provide you with an annual accounting of the Fund.

3. Item 17, under the subheading "Renewal or Extension of the Term," will be modified as follows:

7. You must execute and deliver a general release, in a form prescribed by us, of any and all claims against us and subsidiaries and affiliates, and our respective officers, directors, agents, shareholders, and employees, excluding only such claims as you may have under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg., §§ 14-201 through 14-233);

4. In Item 17, under the subheading "Renewal or Extension of the Term," the following language will be inserted at the end of the Section:

Except as described above, the Franchise Agreement does not contain specific provisions which describe our rights regarding renewal.

5. Item 17, under the subheading "Termination by Elevation Burger with Cause," will be modified by the addition of the following language:

Our right to terminate the Franchise Agreement for the reasons set forth in this paragraph may not be enforceable under the U.S. Bankruptcy Code (11 U.S.C. §101, et seq.).

6. Item 17, under the subheading "Transfer by You," will be modified by the addition of the following language:

4. The transferor must have executed a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, and our respective officers, directors, shareholders, agents, and employees, in their corporate and individual capacities, excluding only such claims as the transferor may have under the

Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg., §§ 14-201 through 14-233);

7. The provisions of this Addendum only apply if the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

**ADDENDUM TO EB FRANCHISES, LLC FRANCHISE AGREEMENT  
(State of Maryland)**

This Addendum relates to franchises sold in Maryland and is intended to comply with Maryland statutes and regulations. In consideration of the execution of the Franchise Agreement, and Franchisee to the Company agree to amend the Franchise Agreement as follows:

1. Based upon the Company’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees to Company shall be deferred until the Company completes its pre-opening obligations under the franchise agreement.
2. Release. Sections 2.3.6 and 12.2.3.4 of the Franchise Agreement are amended to provide that any release required as a condition of assignment or renewal will not apply to liability under the Maryland Franchise Registration and Disclosure Law (the “Maryland Franchise Law”).
3. Consent to Jurisdiction. Section 15 of the Franchise Agreement is amended to provide that, under the Maryland Franchise Law, any litigation involving claims arising under the Maryland Franchise Law that are not subject to arbitration may be brought in Federal District Court in Maryland.
4. Statute of Limitations. Any limitation on the period of the time mediation and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing claims arising under the Maryland Franchise Law.
5. Acknowledgments. Article 26 of the Franchise Agreement is amended by the addition of the following at the end of such Section: “The representations made herein are not intended to and will not act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”
6. Construction. In all other respects, the Franchise Agreement will be construed and enforced in accordance with its terms.

“Company”

EB FRANCHISES, LLC, a Delaware  
limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

“Franchisee”

\_\_\_\_\_,  
[ ] an individual  
[ ] a general partnership;  
[ ] a limited partnership;  
[ ] a limited liability company;  
[ ] a corporation;  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date of signing: \_\_\_\_\_

**ADDENDUM TO EB FRANCHISES, LLC MULTI-UNIT RESTAURANT AGREEMENT  
(State of Maryland)**

This Addendum relates to franchises sold in Maryland and is intended to comply with Maryland statutes and regulations. In consideration of the execution of the Multi-Unit Restaurant Agreement, EB FRANCHISES, LLC and Franchisee agree to amend the Multi-Unit Restaurant Agreement as follows:

1. Based upon the Company's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees to Company shall be deferred until the Company completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by multi-unit developers shall be deferred until the first franchise under the multi-unit restaurant agreement opens.
2. Release. Section 6.3(d) of the Multi-Unit Restaurant Agreement is amended to provide that any release required as a condition of assignment or renewal will not apply to liability under the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law").
3. Consent to Jurisdiction. Sections 9.2, and 10.9, of the Multi-Unit Restaurant Agreement are amended to provide that, under the Maryland Franchise Law, any litigation involving claims arising under the Maryland Franchise Law that are not subject to arbitration may be brought in Federal District Court in Maryland.
4. Statute of Limitations. Any limitation on the period of the time mediation and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing claims arising under the Maryland Franchise Law.
5. Acknowledgments. Article 13 of the Multi-Unit Restaurant Agreement is amended by the addition of the following at the end of such Section: "The representations made herein are not intended to and will not act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

[REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]

6. Construction. In all other respects, the Multi-Unit Restaurant Agreement will be construed and enforced in accordance with its terms.

“Company”

EB FRANCHISES, LLC, a Delaware  
limited liability company

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

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

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_

“Franchisee”

\_\_\_\_\_,

an individual

a general partnership;

a limited partnership;

a limited liability company;

a corporation;

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

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

Its: \_\_\_\_\_

Date of signing: \_\_\_\_\_



**ADDENDUM TO THE DISCLOSURE DOCUMENT OF EB FRANCHISES, LLC**  
**REQUIRED BY THE STATE OF MICHIGAN**

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation 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. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

a. The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

b. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

c. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

d. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

**ADDENDUM TO THE DISCLOSURE DOCUMENT OF EB FRANCHISES, LLC**  
**REQUIRED BY THE STATE OF MINNESOTA**

1. Item 13 is amended by adding the following to the bottom of the section:

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

2. Item 17 is amended by adding the following to the bottom of the section:

With respect to franchises governed by Minnesota law, the Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, 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.

3. No release that you enter into pursuant to Item 17 shall relieve Elevation Burger from liability imposed by Minnesota Statutes 1973 Supplement, sections 80C.01 to 80C.22.

4. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document, the Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

5. The provisions of this Addendum only apply if the jurisdictional requirements of the Minnesota Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM TO THE DISCLOSURE DOCUMENT OF EB FRANCHISES, LLC**  
**REQUIRED BY THE STATE OF NORTH DAKOTA**

1. Item 17. The following language is added to the applicable sections of each of the tables in Item 17:

A. Paragraph c. The requirement that a Franchisee sign a general release as a condition for renewal does not apply in North Dakota.

B. Paragraph r. Covenants not to compete such as those mentioned above are generally unenforceable in the State of North Dakota.

C. Paragraph u. Any such arbitration shall be conducted at facilities maintained by the American Arbitration Association for such purposes at a location agreeable to the parties. If the parties cannot agree on a location, the site of the arbitration shall be determined by the rules of the American Arbitration Association.

D. Paragraph v. The information set forth in Paragraph v “Choice of Forum” does not apply to North Dakota.

E. Paragraph w. If there is a conflict between California law and North Dakota law, North Dakota law shall apply.

2. The waiver of exemplary and punitive damages set forth in the Franchise Agreement does not apply in the State of North Dakota.

This Addendum only applies if the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum.

**ADDENDUM TO THE DISCLOSURE DOCUMENT OF EB FRANCHISES, LLC**  
**REQUIRED BY THE STATE OF RHODE ISLAND**

1. The following language is added to Item 17(v) in each of the tables in Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

This Addendum only applies if the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

**ADDENDUM TO THE DISCLOSURE DOCUMENT OF EB FRANCHISES, LLC**  
**REQUIRED BY THE STATE OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for EB FRANCHISES, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Section 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 ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the law of Virginia, that provision may not be enforceable.”

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

### **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

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

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

If Elevation Burger 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, Elevation Burger or an affiliated in connection with the proposed franchise sale or grant.

Several states, including New York, require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Several states, including Michigan, require that we give you this disclosure document at least 10 business days before execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Elevation Burger does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit I.

The Franchisor is EB Franchises, LLC, located at 9720 Wilshire Boulevard Suite 500 Beverly Hills, California 90212. Its telephone number is (310) 319-1850.

Issuance Date: May 3, 2023

The following is the name principal address and telephone number of each franchise seller offering this franchise:

- Warren Christiansen 9720 Wilshire Blvd #500 Beverly Hills, California 90212. (310) 319-1850
- Taylor Wiederhorn 9720 Wilshire Blvd #500 Beverly Hills, California 90212. (310) 319-1850

Elevation Burger's authorized the respective state agencies identified on Exhibit I to receive service of process for it in the particular state.

I have received a disclosure document dated May 3, 2023 that included the following Exhibits:

- |   |   |
|---|---|
| a. Financial Statements                               | g. Limited Liability Company Operating Agreement          |
| b. Franchise Agreement and Addenda                    | h. Lease Assignment                                       |
| b-1. Co-brand Addendum to Franchise Agreement         | i. Agents for Service of Process and State Administrators |
| b-2. SBA Addendum to Franchise Agreement              | j. Management Agreement                                   |
| b-3. Cookie Equipment Lease                           | k. General Release  |
| c. Guaranty, Indemnification and Acknowledgment       | l. Brand Technology System Support Services Agreement     |
| d. List of Franchisees and Certain Former Franchisees | Schedule 1 Table of Contents of Operating Manuals         |
| e. Multi-Unit Restaurant Agreement                    | Schedule 2 Addenda to Disclosure Document                 |
| f. Confidentiality and Non-Competition Agreement      |   |

Date: \_\_\_\_\_

Prospective Franchisee:

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

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

Individually and on behalf of the following entity:

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

Title: \_\_\_\_\_



## RECEIPT

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

If Elevation Burger 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, Elevation Burger or an affiliated in connection with the proposed franchise sale or grant.

Several states, including New York, require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Several states, including Michigan, require that we give you this disclosure document at least 10 business days before execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Elevation Burger does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit I.

The Franchisor is EB Franchises, LLC, located at 9720 Wilshire Boulevard Suite 500 Beverly Hills, California 90212. Its telephone number is (310) 319-1850.

Issuance Date: May 3, 2023

The following is the name principal address and telephone number of each franchise seller offering this franchise:

- Warren Christiansen 9720 Wilshire Blvd #500 Beverly Hills, California 90212. (310) 319-1850
- Taylor Wiederhorn 9720 Wilshire Blvd #500 Beverly Hills, California 90212. (310) 319-1850

Elevation Burger's authorized the respective state agencies identified on Exhibit I to receive service of process for it in the particular state.

I have received a disclosure document dated May 3, 2023 that included the following Exhibits:

- |   |   |
|---|---|
| a. Financial Statements                               | g. Limited Liability Company Operating Agreement          |
| b. Franchise Agreement and Addenda                    | h. Lease Assignment                                       |
| b-1. Co-brand Addendum to Franchise Agreement         | i. Agents for Service of Process and State Administrators |
| b-2. SBA Addendum to Franchise Agreement              | j. Management Agreement                                   |
| b-3. Cookie Equipment Lease                           | k. General Release  |
| c. Guaranty, Indemnification and Acknowledgment       | l. Brand Technology System Support Services Agreement     |
| d. List of Franchisees and Certain Former Franchisees | Schedule 1 Table of Contents of Operating Manuals         |
| e. Multi-Unit Restaurant Agreement                    | Schedule 2 Addenda to Disclosure Document                 |
| f. Confidentiality and Non-Competition Agreement      |   |

Date: \_\_\_\_\_

Prospective Franchisee:

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

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

Individually and on behalf of the following entity:

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

Title: \_\_\_\_\_