



## FRANCHISE DISCLOSURE DOCUMENT

### Taste Buds Kitchen International LLC

a Maryland limited liability company

800-D Abruzzi Drive

Chester, Maryland 21619

(410) 929-2311

tastebudskitchen.com

[franchise@tastebudskitchen.com](mailto:franchise@tastebudskitchen.com)

The franchise offered is for the operation of a culinary entertainment and educational experience for kids and families under the name “Taste Buds Kitchen®” and using the franchisor’s proprietary methods, techniques, trade dress, trademarks and logos.

The total investment necessary to begin operation of a single Taste Buds Kitchen franchise is between \$382,500 to \$531,000. This includes between \$57,000 to \$57,300 that must be paid to the franchisor.

We also offer to certain qualified individuals the right to develop multiple Taste Buds Kitchens under a Multi-Unit Developer Agreement. The total investment for the first location under a Multi-Unit Developer Agreement for five Kitchens is between \$540,000-\$688,500. This includes between \$214,500-\$214,800 that must be paid to the franchisor and/or its affiliate.

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 the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact Jeff Brelsford at 800-D Abruzzi Drive, Chester, MD 21619 and (410) 929-2311 or [jeff@tastebudskitchen.com](mailto:jeff@tastebudskitchen.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 a lawyer or an accountant.

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

**Issuance Date: March 1, 2024**

## 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 Exhibits D and E.
<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 franchise outlets.
<b>Will my business be the only Taste Buds Kitchen 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 a Taste Buds Kitchen franchisee?</b>	Item 20 or Exhibits D and E list current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need to Know About Franchising *Generally*

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

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

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

**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 H.

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 litigation only in Maryland. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with franchisor in Maryland than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Mandatory minimum payments.** You must make minimum royalty or advertising fund payments regardless of your sales levels. Your inability to make payments may result in termination of your franchise and loss of your investment.

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

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE  
MICHIGAN FRANCHISE INVESTMENT LAW**

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 thirty (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 five (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 six (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:
  - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of the franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division  
Attn: Franchise  
670 G. Mennen Williams Building  
525 W. Ottawa Street  
Lansing, Michigan 48909  
(517) 373-7117

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- A – Financial Statements
- B – Franchise Agreement
- C – Multi-Unit Developer Agreement
- D – List of Franchisees and Multi-Unit Developers
- E – Franchisees and Multi-Unit Developers Who Have Left the System
- F – Table of Contents of Confidential Franchise Operations Manual
- G – Multi-State Addendum
- H – List of State Administrators/Agents for Service of Process

APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT OR MULTI-UNIT DEVELOPER AGREEMENT. THESE ADDITIONAL DISCLOSURES AND RIDERS, IF ANY, APPEAR IN EXHIBIT G.



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

The Franchisor is Taste Buds Kitchen International, LLC. To simplify the language in this Disclosure Document, the Franchisor, will be referred to as “we” or “us”. “You” means the individual or individuals or corporation, partnership or limited liability company buying the franchise. If you are a legal entity, each of the following individuals must sign our Guaranty: (i) each of your shareholders if you are a corporation; (ii) each of your partners if you are a general partnership; or (iii) each of your members and managers if you are a limited liability company. All spouses of signatories must also sign. All of the provisions of our Franchise Agreement (a copy of which is attached as Exhibit B to this Disclosure Document) will apply to you and to each individual who signs the Guaranty, including the confidentiality and non-competition covenants.

**The Franchisor**

We are a Maryland limited liability company formed on November 13, 2013. We do business only under our corporate name and maintain our principal business address at 800-D Abruzzi Drive, Chester, MD 21619.

We offer and sell franchises for the operation of Taste Buds Kitchens (the “Kitchen” or the “Franchised Business”). We began offering these franchises in November 2013. We have never engaged in any other business activity or offered franchises in any other line of business. We have never operated a Kitchen but if we determine that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption in operation of the Kitchen, we may operate your business for as long as we deem necessary and practical.

**Our Parents, Predecessors and Affiliates**

We have no parent or predecessor company. Our affiliated company, Taste Buds Kitchen, LLC is a New York limited liability company that operates a business of the type now being franchised at 109 West 27th Street, 10th Floor, New York, NY 10001. Taste Buds Kitchen, LLC originally operated as Cupcake Kids! LLC beginning in September 2007. Cupcake Kids! LLC changed its “doing business as (d/b/a)” name to Taste Buds Kitchen in 2010 and changed the company name to Taste Buds Kitchen LLC on September 6, 2013. We currently do not have any affiliates that (a) provide products or services to our franchisees, or (b) offer franchises in this or any other line of business. Taste Buds Kitchen LLC owns the Proprietary Marks which it has licensed to us so that we may sublicense these marks to our franchisees.

**Description of Franchise**

The franchise offered is for the operation of a culinary entertainment and educational experience using proprietary methods, techniques, trade dress, trademarks and logos owned by us or our affiliates. Our Kitchens offer a clean and safe environment for both children and parents to experience the wonder of the kitchen where families can learn, laugh and cook. Our kids’ offerings are geared towards ages two to teen and our adult offerings are geared towards ages 18+. Events include cooking birthday parties, children & adult classes, private events and corporate events. We may also offer an approved line of children’s cooking merchandise including apparel, baking kits and utensils. You will be required to sign our franchise agreement, which is attached to this Disclosure Document as Exhibit B, (the “Franchise Agreement”) for the right to operate one Kitchen at a location selected by you and approved by us (the “Approved Location”) within a specific territory (the “Territory”). If we have not yet designated an Approved Location for the Kitchen when the Franchise Agreement is signed then you are responsible for locating a site within a specified geographic site selection area (the “Search Area”).

You will operate your Franchised Business under our unique system governing the establishment and operation of Taste Buds Kitchens (the “System”). The System includes the Proprietary Marks, IT platforms, recognized designs, decor and color schemes, distinctive specifications for furniture, fixtures, equipment, and wall, ceiling and display designs; know-how, training techniques, trade secrets; uniform specifications of products and services; recipes; sales techniques, and merchandising, marketing, advertising, and inventory management systems; quality control procedures; and procedures for operation and management of System businesses. We may periodically make changes to the System, including System standards, facility location requirements and design, signage, equipment, trade dress and fixture requirements. Your Kitchen must be open on the days and times we specify.

The “Proprietary Marks” include various trade names, trademarks, service marks, logos, and other indicia of origin, including the trademark “Taste Buds Kitchen” or any other marks we have designated or may in the future designate for use in connection with the System.

### **Multi-Unit Developer Agreement**

We offer a Multi-Unit Developer Agreement (the “Multi-Unit Developer Agreement”) for the development of multiple Kitchens with a defined development area (the “Development Area”). Our form of Multi-Unit Developer Agreement is attached as Exhibit C to this Disclosure Document. You will be required to open each Kitchen in accordance with a development schedule. The Franchise Agreement for each Kitchen developed under the Multi-Unit Developer Agreement will be the form of Franchise Agreement being offered by us generally at the time each Franchise Agreement is executed which may have terms that are different from the terms in our current offering. You will sign the Franchise Agreement for your first Kitchen at the same time you sign the Multi-Unit Developer Agreement.

### **Market and Competition**

The market for our franchises is in a growing stage of development and is highly competitive. We are a part of the larger family recreation, educational and entertainment industry. Children, their parents, adults and companies are our principal target market. You will compete with other local franchises and other businesses and opportunities within our industry that share the same target market, including competing children’s activities, athletics, and cooking and learning event venues that may be locally owned or part of regional or national chains or franchise systems.

### **Industry Regulations**

Your Kitchen will be subject to various federal, state and local laws, and regulations affecting the Kitchen. You must investigate, keep informed of and comply with these laws. You must comply with all local, state and federal laws applicable to establishments handling food, including zoning, licensing, health, sanitation, safety, fire, insecticides, and use, storage and disposal of waste (including laws requiring recycling and regulating the use of certain types of containers and other materials potentially harmful to the environment). The family recreation industry is heavily regulated. The operation of your Kitchen may require a license for preparing and serving food on-premises. Various federal and state agencies and state and local health and sanitation agencies have regulations related to the preparation of food and the condition of facilities that offer food to the public. Your Kitchen will also be subject to other laws or regulations that are not specific to the industry, but apply to businesses generally, including privacy laws.

You or your Operating Principal (if you are an entity) and your General Manager (and other employees as we may designate) must be ServSafe Manager Training certified (or similar at our discretion) and must be adult-child-infant CPR & First Aid Certified from an accredited institution following American Heart

Association guidelines. These certifications must be maintained at all times. You must also conduct employee background checks given that classes will be offered to children.

### **Agent for Service of Process**

Our agents for service of process are identified in Exhibit H to this Disclosure Document.

## **ITEM 2** **BUSINESS EXPERIENCE**

### **Founder and Chief Executive Officer - Jessi Walter Brelsford**

Jessi Brelsford has been our Founder and Chief Executive Officer since our inception in November 2013. She is also the Founder and has been the Chief Executive Officer of Taste Buds Kitchen LLC since its formation in September 2007.

### **Chief Operating Officer and Director of Facilities - Jeff Brelsford**

Jeff Brelsford has been our Chief Operating Officer and Director of Facilities since our inception in November 2013.

### **Gaetano Falzarano - Board Member**

Gaetano (Guy) Falzarano founded Lightbridge Academy Franchise Company based in Iselin, New Jersey beginning with its inception in January 2011. Guy held the position of Chief Executive Officer from January 2011 to June 2021, President from January 2011 to August 2015 and Chairman from January 2011 to September, 2022 when he retired. Guy also served as the CEO and Chairman of Lightbridge's affiliate, Jule Holdings, LLC located in Iselin, NJ, from September 1997 to June 2021. Guy served as Chairman of Lightbridge Holdings Group, Inc., from June 2021 to September, 2022. In July 2023, Guy became an equity investor in us and serves as a Member of our Board and advisor to the CEO.

### **Corey Packer – Vice President of Marketing**

Corey has been our Vice President of Marketing since August 2023. Prior to that, Corey held the position of Vice President of Marketing at Intercostal Mortgage from July 2022 to July 2023 in Fairfax, VA. He worked as the Director of Marketing & Brand Development at Hounds Town USA from April 2018 to June 2022 in Ronkonkoma, NY. Corey was the Co/Founder & Creative Director for Powerhouse Marketing from April 2018 to October 2019 in Charlotte, NC.

### **Jazmine Hall – Director of Culinary Entertainment**

Jazmine has been our Director of Culinary Entertainment since July 2022. Jazmine worked remotely as a Nutrition Database Curator for MyFitnessPal in New York, NY from November 2021 to December 2022. From November 2020 to June 2021 Jazmine was a Culinary Instructor for LEAP (Learning through an Expanded Arts Program) in New York, NY. From June 2020 to October 2021 Jazmine worked as a Culinary Educator in New York, NY at the Department of Health and Mental Hygiene. Jazmine began her career

with us in December 2017 where she worked as an assistant from December 2017 to August 2017, and as a Host from August 2017 to March 2020.

**Chris Livingston – Director of Operations**

Chris has been our Director of Operations since Novmber 2023. Prior to this Chris was the Senior Regional Trainer at The Wills Group in La Plata, MD from March 2022 to August 2023. Concurrently, he was a Franchise Business Consultant for Edible Brands in Atlanta, GA from March 2022 to October 2022. Chris was the Director of Operations for Zapatat in Arlington, VA from January 2020 to March 2022. He served as the Franchise Business Consultant for Popeyes Louisiana Kitchen in Atlanta, GA from January 2015 to January 2020.

**ITEM 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**ITEM 5  
INITIAL FEES**

**Franchise Agreement**

**Initial Franchise Fee**

You must pay us an initial franchise fee of \$49,500 for the right to establish a single Taste Buds Kitchen under a Franchise Agreement. You must pay the initial franchise fee in full when you sign the Franchise Agreement. Except as otherwise provided herein, the initial franchise fee is imposed uniformly on all franchisees and is not refundable under any circumstances.

If you are an honorably discharged United States veteran, we will give you a \$5,000 discount off of the initial franchise fee for your first franchised unit. You must own 51% or more of the assets of the Kitchen or of the business entity that is the Franchisee. We reserve the right to cancel or modify this program at any time.

**Multi-Unit Developer Agreement**

If you qualify to develop and operate more than one Kitchen, we may offer you an opportunity to sign our Multi-Unit Developer Agreement for up to 5 Kitchens. Our form of Multi-Unit Developer Agreement is attached as Exhibit C to this Disclosure Document. You will be required to open each Kitchen in accordance with a development schedule within a defined Development Area.

The development fee owed if you qualify to develop multiple Kitchens depends on the number of Kitchens you will be opening. The schedule is as follows:

- 2 Kitchens = Development Fee \$99,000
- 3 Kitchens = Development Fee \$135,000

4 Kitchens = Development Fee \$171,000  
 5 Kitchens = Development Fee \$207,000

The development fee must be paid in full when you sign the Multi-Unit Developer Agreement. The development fee is imposed uniformly on all multi-unit developers, is fully earned by us when received and is not refundable. You will not pay an additional initial franchise fee for the Kitchens developed pursuant to the Multi-Unit Developer Agreement. The Franchise Agreement for each Kitchen developed under the Multi-Unit Developer Agreement will be the form of Franchise Agreement being offered by us generally at the time each Franchise Agreement is executed, which may have different terms and conditions than the Franchise Agreement in this offering.

**Pre-Opening Supplies**

You must purchase certain branded stickers and chef hats for use in your Kitchen for which we will collect fees and pass those fees on to our vendor. We estimate that you will pay between \$1,500-\$1,800 for these items prior to opening. This fee is uniformly imposed and is not refundable.

**Technology Set-Up Fee**

You are required to pay a Technology Set-up Fee of \$6,000 which includes set-up for our Franchise Management System, CRM software, recruiting software, training software, graphic design software, email and phone number hosting, and website location set-up. This fee is payable when you sign the Franchise Agreement, is uniformly imposed and is not refundable.

Other than as described above, there are no other required payments to us or our affiliate that must be made prior to opening your franchise.

**ITEM 6**  
**OTHER FEES**

<b>Fees <sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee <sup>(2)</sup>	8% of Gross Revenues or a required minimum of \$125 per week, whichever amount is greater. Payment of the required minimum will become effective on the week following the 6 <sup>th</sup> month anniversary of the Kitchen's Grand Opening.	Payable weekly on Wednesday (unless Wednesday is not a business day, then it is due on the next business day).	Royalty Fees are calculated based on Gross Revenues for the previous week ending Sunday. Amounts due will be withdrawn by EFT from your designated bank account and begin to accrue as soon as your Kitchen begins to generate any revenue. We reserve the right in our sole discretion to change the frequency of collection or the collection day.

Fees <sup>(1)</sup>	Amount	Due Date	Remarks
Technology Fee	Currently \$425 per month.	Payable on the first day of the month, beginning with the month following the Grand Opening.	The Technology Fee is described in Item 11. Amounts due will be withdrawn by EFT from your designated bank account. We reserve the right to increase this fee as we deem appropriate on 30 days advanced notice.
Brand Development Fund <sup>(3)</sup>	Currently 1.5% of Gross Revenues. We reserve the right to require you to contribute up to a maximum of 2% of your weekly Gross Revenues to the Brand Development Fund.	Payable weekly on Wednesday (unless Wednesday is not a business day, then it is due on the next business day) beginning with the week following the week in which you begin making sales in connection with your Franchised Business, in the same manner as the Royalty Fee	The Brand Development Fund is described in Item 11. Fund Fees are calculated based on Gross Revenues for the previous week ending Sunday. Amounts due will be withdrawn by EFT from your designated bank account. We reserve the right in our sole discretion to change the frequency of collection or the collection day. We may increase the amount payable to up to 2% upon 30 days' notice.
Cooperative Marketing <sup>(4)</sup>	As determined by the members but not to exceed 2% of your monthly Gross Revenues.	As determined by the members	If a marketing cooperative is formed for your area, you must join the cooperative. Amounts contributed to the cooperative will be credited against your local advertising requirement.
Seminars, Refresher Training and Conferences	Our then-current attendance fee, plus expenses. The current per person attendance fee is \$350 per seminar, training or conference.	As incurred	Periodic seminars and conferences will be held at our headquarters in Maryland or at a different location of our choosing. These events will not exceed 4 days in length. You must pay this fee as well as expenses related to your participation, including travel, lodging, meals and wages. The conference fee is owed whether you attend or not.

Fees <sup>(1)</sup>	Amount	Due Date	Remarks
Initial Training (For additional, new or replacement employees)	Our then-current per person training fee, plus expenses. The current per person training fee is \$2,000.	Before Training	Training for up to three people is included in the initial fees (consisting of the owner(s) and General Manager). If it is necessary for us to provide our initial training program to any additional employees, or to new or replacement employees during the term of your Franchise Agreement, you must pay our training fee as well as the trainees' expenses, including travel, lodging, meals and wages.
Requested Additional On-Site Training	Our then-current per diem rate per trainer, plus expenses.  Currently our per diem rate is \$1,000 per day per trainer (up to 8 hours) and \$400 for each travel day (exclusive of on-site days), plus expenses.	When billed	If you request that we provide additional training at your Kitchen, or if as the result of an inspection or quality assurance audit we believe that remedial training is necessary, you must pay our daily fee for each trainer we send to your Kitchen, and you must reimburse each trainer's expenses, including travel, lodging and meals.
Insufficient Funds Fee	Our then-current fee (currently \$100)	On demand, if incurred	Payable if there are insufficient funds in your account to pay fees due to us. If you incur three insufficient funds fees in any 12 month period, we have the right to terminate your Franchise Agreement.
Interest	18% per annum, unless a lower interest rate is required by law in which case it will be the highest interest rate allowed by applicable law.	On demand	Interest may be charged on all overdue amounts. Interest accrues from the original due date until payment is received in full.

<b>Fees <sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Audit Fee <sup>7</sup>	Cost of audit (estimated to be between \$1,000 and \$5,000)	When billed	Payable only if we find, after an audit, that you have understated any amount you owe to us, including Gross Revenues, by 1% or more. You must also pay the understated amount plus interest and fees.
Prohibited Product or Service Fine	Our then-current fine (currently \$500 per day for use of or offering unauthorized products or services)	If incurred	In addition to other remedies available to us.
Transfer Fee (Franchise Agreement)	\$20,000 plus any applicable broker fees	At the time of the transfer.	No fee is charged for a one time transfer from individual(s) to a corporate entity formed for convenience of ownership of the franchise. No fee charged if transfer is to an existing System franchisee.
Transfer Fee (Multi-Unit Developer Agreement)	\$20,000 plus any applicable broker fees	At the time of the transfer.	No fee is charged for a one time transfer from individual(s) to a corporate entity formed for convenience of ownership of the franchise. No fee charged if transfer is to an existing System franchisee.
Renewal Fee	\$10,000	Immediately upon date of renewal.	Your renewal will not be effective until payment is made.
Relocation Fee	\$10,000	Upon approval of relocation request.	This is collected if we approve you to move your Kitchen. This is not our exclusive remedy in the event you fail to open the new location.



Fees <sup>(1)</sup>	Amount	Due Date	Remarks
Inspection and Testing	Reimbursement of our costs and expenses (not to exceed \$1,000).	On demand	<p>Payable if you request that we evaluate a product or supplier that we have not previously approved and that you want to use for your Kitchen.</p> <p>Also payable for our re-inspection costs if we determine that your Kitchen is found to be in non-compliance. In the event re-inspection reveals additional or continuing instances of non-compliance you may be subject to a compliance and action plan to cure, and additional re-inspections.</p>
Liquidated Damages	Will vary under circumstances	15 days following a termination for “cause”	See note <sup>5</sup>
Costs and Attorneys’ Fees <sup>6</sup>	Amounts incurred	On demand	If you default under your Franchise Agreement or Multi-Unit Developer Agreement, you must reimburse us for the expenses we incur (such as attorneys’ fees) in enforcing or terminating the Franchise Agreement or Multi-Unit Developer Agreement.
Indemnification	Amount of loss or damages plus costs.	On demand	You must indemnify us if we are sued or held liable for claims that arise from your ownership or operation of the Franchised Business or for costs associated with defending claims that you used the Proprietary Marks in an unauthorized manner.
De-Identify Premises	Reimbursement of our costs, plus our administrative fee (currently 25% of the de-identification costs).	As incurred	If you fail to de-identify your Kitchen following expiration or termination of the Franchise Agreement, we may re-enter the premises and do so at your expense and charge you a fee.

Fees <sup>(1)</sup>	Amount	Due Date	Remarks
Insurance Premiums	Reimbursement of our costs, plus our administrative fee (currently 25% of the premium cost).	On demand	If you do not maintain the required insurance coverages, we have the right (but not the obligation) to obtain insurance on your behalf.
Management Fees	Currently 10% of Gross Revenues generated from the Kitchen plus reimbursement of costs.	As needed	If we need to operate the Franchised Business due to your death, disability, default, or, in our judgment, your inability to do so, we will manage the Kitchen and the reasonable compensation and expenses of our representative will be paid out of the Gross Revenues generated by the Kitchen, plus our management fee. To the extent we must incur legal fees or legal costs in connection with our exercise of these rights or in the operation of your Kitchen, those fees will also be paid out of Gross Revenues.
Additional e-mail account	Our then-current fee (currently \$100 per account per year beyond the first two).	As needed	If you request additional e-mail accounts from us beyond the initial two that are provided to you.
Failure to Submit Required Financial Reports on Time	Our then-current fine (currently \$1,000 for failure to timely submit required financial reports and an additional \$1,000 for each week that the reports remain outstanding).	As needed	Financial reports are due in accordance with the timeframes outlined in the Franchise Agreement.

<b>Fees <sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Failure to complete opening contingencies	Our then-current fine (currently \$1,000 per week for each week contingencies are not satisfied).	As needed	To the extent we clear you to open based on your satisfaction of certain contingencies and you open without satisfying the contingencies we can charge you a fine for each week the contingencies remain unsatisfied. This is not our exclusive remedy.
Branded Supplies	Will vary under the circumstances	As incurred.	We collect these monies and pass it on to our vendor.

Notes:

(1) All fees described in this Item 6 are non-refundable. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us. The amounts given may vary due to changes in market conditions, our cost of providing services and future policy changes. Fees may not be uniform for all franchisees.

(2) For the purposes of determining the Royalty Fee to be paid under the Franchise Agreement, “Gross Revenues” means the total selling price of all services and products and all income of every other kind and nature related to the Franchised Business, whether for cash or credit and regardless of collection in the case of credit, including any sales taxes collected. Gross Revenues expressly excludes customer refunds or adjustments. Gift cards or similar program payments are currently included in Gross Revenues when the gift card or applicable credit is purchased, not upon redemption, however we reserve our right to change this in the future.

The Royalty Fee will be withdrawn from your designated bank account by electronic funds transfer (“EFT”) weekly on Wednesday (or another day chosen by us) based on the Kitchen’s Gross Revenues for the preceding week ending Sunday. If you do not report the Kitchen’s Gross Revenues, we may debit your account for 120% of the last Royalty Fee that we debited. If the fees we debit are less than the fees you actually owe us, once we have been able to determine the true and correct Gross Revenues, we will debit your account for the balance on a day we specify. If the fees we debit are greater than the fees you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following week.

If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

(3) We have established and administer a Brand Development Fund on behalf of the System (see Item 11) for the common benefit of the System franchisees. The Brand Development Fund Fee will be withdrawn from your designated bank account by electronic funds transfer (“EFT”) weekly on Wednesday of each week or another day designated by us.

(4) No Cooperatives have been established as of the date of this Disclosure Document. If established, our affiliate owned businesses may but will have no obligation to participate in any such advertising cooperatives.

(5) If we terminate your Franchise Agreement for cause, you must pay us, within 15 days after the effective date of termination, liquidated damages equal to the average monthly Royalty Fees you owed to us during the 12 months of operation preceding the effective date of termination (or your period of operation if less than 12 months) multiplied by: (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher.

(6) If we engage an attorney to collect any unpaid amounts (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys’ fees, court costs and collection expenses incurred by us. If you are in breach or default of any non-monetary material obligation and we engage an attorney to enforce our rights (whether or not judicial proceedings are initiated), you must pay all reasonable attorneys’ fees, court costs and litigation expenses. If you institute any legal action to interpret or enforce the terms of the Franchise Agreement or Multi-Unit Developer Agreement, and your claim in the action is denied or the action is dismissed, we may recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against the same.

(7) You must maintain accurate business records, reports, accounts, books and data relating to the operation of your Kitchen. We have the right to inspect and/or audit your business records during normal business hours. If any audit reveals that you have understated Gross Revenues by 1% or more, or if you have failed to submit complete reports and/or remittances for any 2 reporting periods within a 12 month period, or you do not make them available when requested, you must pay the reasonable cost of the audit, including the cost of auditors and attorneys, together with amounts due for royalty and other fees as a result of the understated Gross Revenues, including interest from the date when the Gross Revenues should have been reported or paid.

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**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee <sup>(1)</sup>	\$49,500	Lump Sum	When Franchise Agreement is Signed	Us
Technology Set-Up Fee <sup>(2)</sup>	\$6,000	Lump Sum	When Franchise Agreement is Signed	Us
Site Selection Management <sup>(3)</sup>	\$8,000	Lump Sum	As arranged	Approved Supplier
Lease and Utility Security Deposits <sup>(4)</sup>	\$3,000 to \$10,000	As arranged	As arranged	Landlord, Utility Companies
Blue Prints, Architecture & Design <sup>(5)</sup>	\$17,500 to \$22,000	As arranged	As arranged	Approved Supplier
Leasehold Improvements <sup>(6)</sup>	\$200,000 to \$300,000	As arranged	As arranged	Contractor
Furniture, Equipment, Appliances, & Utensils, <sup>(7)</sup>	\$46,000 to \$50,000	As arranged	As arranged	Approved Supplier
Grand Opening Marketing <sup>(8)</sup>	\$10,000	As arranged	As arranged	Approved Supplier
Signage & Visual Branding <sup>(9)</sup>	\$5,000 to \$12,000	As arranged	As arranged	Approved Supplier
Computer and Software <sup>(10)</sup>	\$3,000-\$5,000	As arranged	As arranged	Approved Suppliers
Business Licenses and Permits <sup>(11)</sup>	\$2,000 to \$4,000	As arranged	As arranged	Government Agencies
Travel & living expenses while training <sup>(12)</sup>	\$1,500 to \$3,000	As arranged	As arranged	Airline, Hotel, Kitchen, etc.
Professional Fees <sup>(13)</sup>	\$2,000 to \$4,000	As arranged	As arranged	Attorney, Accountant

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Insurance <sup>(14)</sup>	\$1,500 to \$2,500	As arranged	As arranged	Insurance Companies
Initial Inventory and Supplies <sup>(15)</sup>	\$2,000 to \$4,000	As arranged	As arranged	Approved Supplier and Us
Background Checks/Certifications <sup>(16)</sup>	\$500 to \$1,000	As needed	Before Opening, as needed	Approved Supplier
Additional Funds – 3 Months <sup>(17)</sup>	\$25,000 to \$40,000	As arranged	As arranged	Various
<b>Total</b> <sup>(18)</sup>	\$382,500 to \$531,000			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not directly or indirectly finance any portion of your initial investment. All of our estimates assume that you will purchase the required items. Your costs may be lower if you choose to lease some items.

**Notes:**

1. **Initial Franchise Fee.** The initial franchise fee is discussed in Item 5. The amount listed in the chart does not include any available discounts.
2. **Technology Set-Up Fee.** We collect this fee to cover the costs of initial setup of certain technology and software programs for your Kitchen.
3. **Site Selection Management.** These amounts are payable for assistance provided with respect to the site selection process.
4. **Lease and Utility Security Deposits.** You will probably need to provide security deposits to your landlord and your local utilities, such as gas, electricity and water. Our estimates assume that you will lease space for your Kitchen. Your Kitchen must be in an approved building or retail strip center, and you will need approximately 2,000 actual square feet. If you choose to purchase real property on which to build your Kitchen, your initial investment will probably be higher than what we estimate above. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.
5. **Blueprints, Architecture & Design.** We will provide you with prototype plans for the build-out of a Kitchen. You must hire our approved architect to adapt our plans to the specific shape and dimensions of the approved location for your Kitchen. Our approval of your drawings only relates to how well the build-out plans implement our prototype plans and implementation and presentation of the Proprietary Marks. You must make sure that the plans comply with all applicable laws, rules, regulations, ordinances and building codes, including any relating to

accommodations for disabled persons. We reserve the right to specify the designer that you must use.

6. ***Leasehold Improvements.*** The cost of leasehold improvements may vary depending on numerous factors, including: (i) the size and configuration of the premises; (ii) pre-construction costs (including demolition of existing walls and removal of existing improvements and fixtures); and (iii) cost of materials and labor, which may vary based on geography and location or whether you must use union labor for the build-out of your Kitchen. This figure is our best estimate based on our experience in these matters. This amount may vary substantially based on local conditions, including the availability and prices of labor and materials. Costs may also vary depending on whether certain costs will be incurred by the landlord or through landlord tenant improvement contributions and the condition of the space before you take possession of the premises. Our estimate assumes that you have leased a space in a suburban location that has minimal finishes (such as sheetrock, concrete flooring and utility hookups) and will need to be customized and finished and therefore more improvements are required. Our estimate does not consider any tenant improvement allowance that you may negotiate.
7. ***Furniture, Equipment, Appliances, & Utensils.*** These figures represent the purchase of the necessary equipment from suppliers to operate your Kitchen. The costs listed here do not include any transportation or set up costs. Third-party financing may be available for qualified candidates for some of the equipment costs, however, with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart.
8. ***Grand Opening Marketing.*** You must conduct a grand opening marketing campaign with our approved marketing vendor in the manner specified. This marketing campaign will begin approximately four (4) months prior to your opening. We may designate a different time period for you to conduct the grand opening campaign. We must approve of your grand opening marketing campaign before it is conducted.
9. ***Signage & Visual Branding.*** These amounts represent your cost for interior and exterior signage. Your landlord or your local ordinances may have different restrictions on interior and exterior signage which may affect your costs.
10. ***Computer and Software.*** See Item 11 for information on the Computer and Software Requirements. This includes the Technology Fee which is payable to us.
11. ***Business Licenses and Permits.*** These are estimates of the costs for obtaining local business licenses which typically remain in effect for one year. These figures do not include occupancy and construction permits which are included in the blueprints estimate. The cost of these permits and licenses will vary substantially depending on the location of the Franchised Business. We strongly recommend that you verify the cost for all licenses and permits required in your jurisdiction before signing the Franchise Agreement. The above estimate does not include any required liquor license if one is required in a jurisdiction for a BYOB establishment.
12. ***Travel & Living Expenses While Training.*** We provide initial training for up to three people at no additional charge. These estimates include only your out-of-pocket costs associated with attending our initial training program, including travel, lodging, meals and applicable wages. Our low estimate assumes one person attends training, drives to training, and stays in budget accommodations. Our high estimate assumes three people attend training and they each purchase

discounted, advance purchase airline tickets and stay in mid-level accommodations. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation.

13. **Professional Fees.** We strongly recommend that you engage the services of an attorney and/or accountant to assist you in evaluating this franchise offering. You may also wish to use an attorney to assist you in lease negotiations and/or to form an entity to own the franchise.
14. **Insurance.** This estimate covers amounts you will pay in insurance premiums through the first 3 months of operation. Our insurance requirements are described in Item 8. You should contact your insurance agent and obtain an estimate of your actual insurance costs.
15. **Initial Inventory and Supplies.** Our estimate includes your initial inventory of food products, ingredients, beverages, paper goods, merchandise, branded items and supplies for your Kitchen.
16. **Background Checks/Certifications.** Our estimate includes your initial cost for you or your Operating Principal (if you are an entity), your General Manager and other employees we designate to obtain adult-child-infant First-Aid and CPR certification from an accredited institution following American Heart Association guidelines and for you or your Operating Principal (if you are an entity) and your General Manager to obtain ServSafe Manager Training certification. You must conduct employee background checks given that classes will be offered to children.
17. **Additional Funds.** This estimate is your additional startup expenses for an initial three-month period, including payroll costs (but not an owner's draw), replenishing inventory, utilities, and rent. It does not include any revenue that your Kitchen may earn in the first three months of operation, local advertising or fees payable to us, other than the technology fee. The expenses you incur will depend on factors such as the time of the year that you open, both local economic and market conditions, as well as your business experience.
18. **Total.** We relied upon our affiliate's experience in operating a similar business since 2007, our franchised locations, and our general business knowledge when preparing these figures. These amounts do not include any estimates for debt service. Your costs may vary based on a number of factors including but not limited to the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales of the establishment and your skills at operating a business.

<b>YOUR ESTIMATED INITIAL INVESTMENT – FIVE KITCHENS</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Development Fee <sup>(1)</sup>	\$207,000	Lump Sum	Upon signing the Multi-Unit Developer Agreement	Us



<b>YOUR ESTIMATED INITIAL INVESTMENT – FIVE KITCHENS</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Other Expenditures for First Unit <sup>(2)</sup>	\$333,000 to \$481,500	Per Table Above	Per Table Above	Per Table Above
<b>Total</b>	<b>\$540,000 to \$688,500</b>			

1. This fee is discussed in Item 5. Our estimate assumes you will develop five Kitchens. If you develop two Kitchens this amount will be \$99,000, if you develop three Kitchens this amount will be \$135,000, if you develop four Kitchen this amount will be \$171,000.
2. These are the estimates to build-out your first Kitchen. Costs associated with building out additional Kitchens are subject to factors that we cannot estimate or control, such as inflation, increased labor costs or increased materials costs.
3. This is the total estimate to build out your first Kitchen under a Multi-Unit Developer Agreement for the development of five locations. If you will be developing two Kitchens, your total costs to develop the first Kitchen will be between \$432,000 and \$580,500. If you will be developing three Kitchens, your total costs to develop the first Kitchen will be between \$468,000 and \$616,500. If you will be developing four Kitchens, your total costs for the first Kitchen will be between \$504,000 and \$652,500.
4. None of the expenses listed in the above chart are refundable. We do not finance any portion of your initial investment.

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**ITEM 8**  
**RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

**Required Purchases**

We, and our affiliates, have spent considerable time, effort and money to develop the System. We also anticipate that our System standards will change over time. You are required to adhere to these changes. System standards and specifications may regulate required signs, letterhead, business cards and other promotional materials, computer hardware and software, insurance providers/brokers and coverage, types and models of authorized equipment and supplies to be used in operating the Kitchen, and designation of approved suppliers and vendors of these items.

Your Kitchen must conform to our high and uniform standards of quality, safety, cleanliness, appearance and service. Part of the appeal of the System is the quality and consistency of the products and services offered to customers. Accordingly, you must purchase all food and beverage products, paper products, furniture, fixtures, decorations, uniforms, equipment, merchandise, items and products containing the Proprietary Marks and other specified items, exclusively in accordance with our standards and specifications that will be disclosed to you in the Operations Manual or otherwise. You must purchase these items from us, our affiliate or suppliers that we designate. You must currently purchase chef hats and stickers solely through us. We reserve the right to designate ourselves or our affiliates as the only approved supplier for any of the items noted above in the future. We reserve the right to earn a profit from the sale of items to our franchisees. Our officers, Jessi Walter Brelsford and Jeff Brelsford own an interest in us and in our affiliate. None of our officers have an ownership interest in any other approved supplier.

You must use our designated architect to prepare your architectural drawings and you must use the real estate broker that we designate, provided however, if you are unable to locate a suitable site within 90 days of signing the Franchise Agreement with the designated real estate broker, you may select an alternate broker that is approved by us. We also reserve the right to specify the designer that you must use as well as marketing/advertising vendors. You must also conduct employee background checks using our approved suppliers. Due to the nature of our business and the contact with children, you must thoroughly screen all potential employees and contractors in accordance with the policies outlined in the Operations Manual before hiring them.

Those items for which we have neither designated nor approved suppliers must be purchased in accordance with our standards and specifications as described in the Operations Manual or otherwise. We have the right to modify specifications, standards, suppliers and approval criteria by providing you written notice. There is no limit on our right to do so. We will not permit you or another franchisee to be a supplier of any products or services to other System Kitchens, unless we grant approval for same in writing.

We estimate that the current required purchases and leases described above in accordance with our standards and specifications and designated suppliers are approximately 90% of your overall purchases and leases to establish and operate the Kitchen.

**Approval of New Suppliers or Items**

If we designate one or more exclusive suppliers for a particular good or service, you may not request to utilize an alternative supplier. However, if an exclusive supplier has not been designated and you desire to purchase any item from a supplier that is not on our approved supplier list, you must request approval of the item or supplier in writing and we will evaluate the supplier and/or item for approval. Although we are not contractually bound to evaluate any supplier or item within a definite time period, we will make a good faith effort to evaluate the supplier or item and to notify you of approval or disapproval within 30 days from

the date we receive your written request. You must reimburse us for our reasonable costs of evaluating and/or testing the proposed supplier or item, regardless of whether we approve the product or item (not to exceed \$1,000).

Before approving any supplier, we may take into consideration: i) consistency of products and/or name brands, ii) economies of scale achieved by larger volumes, iii) delivery frequency and reliability, and iv) certain other benefits that a particular supplier may offer, such as new product development capability. When approving a supplier, we take into consideration the System as a whole, which means that certain franchisees may pay higher prices than they could receive from another supplier that is not approved. We reserve the right to withhold approval of a supplier for any reason. We do not release our standards and specifications or criteria for supplier approval to System franchisees.

You may not purchase any item from any supplier for which approval is required until you have first received written notification of our approval. Your request is considered denied unless and until you hear otherwise from us. We may withdraw our approval of a supplier at any time, in our sole discretion.

### **Revenues of Franchisor and Affiliates**

We, and our affiliates, may derive income or revenue from franchisee purchases. We and/or our affiliates have the right to receive payments from any supplier, manufacturer, vendor or distributor to you or to other franchisees within our franchise system and to use these monies without restriction, and as we deem appropriate. For the fiscal year ended November 30, 2022, neither we nor our affiliates earned revenue from approved suppliers based on their sales of products to System franchisees. For the fiscal year ended November 30, 2022, our affiliates did not earn any revenues from the sale of products to our franchisees. We collected \$44,215 in revenue from the sale of products to our franchisees, which was 7.6% of our total revenue of \$579,394. These amounts were collected by us as a pass through and paid directly to a third party vendor.

### **Approved Location**

We must approve the location of your Kitchen and any applicable lease for the premises. Our approval of the lease will be conditioned upon your execution, and your landlord's execution, of the Collateral Assignment of Lease and Consent of Lessor attached as Exhibit 4 to the Franchise Agreement under which you, as the lessee, conditionally assign to us your rights under the lease. We reserve the right to reject any lease that does not have general business terms that meet our standards.

We will provide you with a sample layout and specifications for the Kitchen. You must hire our approved architect to prepare your plans and make any necessary changes to our standard layout and specifications. Before we approve your final architectural renderings, plans, and specifications for your Kitchen we must receive certification that the architectural renderings, plans, and specifications comply with the Americans with Disabilities Act (the "ADA"), the architectural guidelines under the ADA, and all applicable state and local codes for accessible facilities. You must display a sign at all times that states "Independently owned and operated."

You must hire a general contractor to complete the build-out of your Kitchen. You must obtain certain items of machinery and equipment from sources we approve. Our approval of your equipment source will not in any way be our endorsement of your equipment source or render us liable for your equipment source's performance. You must obtain certain equipment for the opening of your Kitchen through vendors that we have approved.

## **Computer Purchase**

You must purchase our specified computer system or an alternative system we approve and must purchase software and/or subscribe to any internet-based programs we require, as specified in the Operations Manual or otherwise. We reserve the right to designate ourselves or our affiliate as the sole supplier of required hardware, software or subscription services. We also reserve the right to designate other exclusive technology vendors.

You must accept all major credit cards for customer purchases. This requirement may require that you invest in additional equipment and that you incur fees from the credit card processing vendors that we designate.

You are also required to install a camera system in the Kitchen and provide us with access to evaluate an event and/or facility when requested. All of your employees and customers must sign documentation acknowledging that they may be monitored and recorded (visual and audio) and agreeing to same.

## **Advertising**

All advertising and promotion of your Kitchen must conform to our specifications and standards and must be approved by us in advance. You must submit to us, for our prior approval, at least 30 days in advance of placement deadlines, copies of all advertising and promotional materials, including but not limited to, business cards, signs, displays and mail outs. All advertising and promotional materials, signs, decorations, paper goods (including recipe cards, marketing boards and all forms and stationery used in the Kitchen) and other items we designate must bear the Proprietary Marks in the form, color, location and manner we prescribe.

You must comply with our rules, specifications, reporting requirements, and reimbursement procedures concerning the offer, sale, redemption, and accounting for gift certificates, gift cards and/or stored value cards. You must participate in and comply with our rules, specifications, reporting requirements, and reimbursement procedures concerning any loyalty card program and other system-wide marketing programs.

## **Insurance Requirements**

You must obtain and keep in force at a minimum the insurance we require in the Operations Manual or otherwise. The mandatory insurance currently includes the following: (i) comprehensive general liability insurance covering property damage, with limits of coverage of not less than \$1,000,000 single limit for personal injury, \$2,000,000 in the aggregate, \$1,000,000 for property damage (coverage must include not less than \$300,000 for sexual molestation coverage); (ii) fire and extended insurance covering building, supplies, inventory, fixtures, furnishings and equipment in amounts equal to at least 90% of the market value of the building, supplies, inventory, fixtures, furnishings and equipment; (iii) workers' compensation insurance as required by the laws of the state in which the Kitchen is operated and employers' liability insurance with a limit per claim of not less than \$1,000,000; (iv) business interruption insurance covering a period of not less than 12 months (with a maximum deductible of 72 hours); (v) non-owned automobile insurance with not less than \$1,000,000 in coverage if any personal vehicles for used for company business; (vi) personal/advertising injury insurance with not less than \$1,000,000 in coverage; (vii) employment practices liability insurance with not less than \$100,000 in coverage; and (viii) umbrella coverage with limits of not less than \$2,000,000 each occurrence, \$2,000,000 in the aggregate. The following coverage is recommended but is not required: (x) a fidelity bond insuring against employee theft and related matters; and (y) cybersecurity insurance of at least \$1,000,000 in coverage. Defense costs cannot erode policy limits.

If the lease for the Kitchen premises requires you to purchase insurance with higher limits than those we require, the lease insurance requirements will take precedence. All insurance policies must contain a separate endorsement naming us and our affiliates as additional insureds using ISO form CG2029 or an equivalent endorsement (no blanket additional insured language is acceptable) and must be written by an insurance carrier accepted by us in writing with an A. M. Best and Standard and Poor’s rating of at least “A-” or better. You must provide us with all information requested by us to assist us in determining whether a carrier is acceptable. We may require that you obtain insurance from a carrier we designate and using a broker we designate. No insurance policy may be subject to cancellation, termination, non-renewal or material modification, except upon at least thirty (30) days’ prior written notice from the insurance carrier to us. Upon request, you must provide us with a currently issued certificate of insurance evidencing coverage in conformity with our requirements. We may increase or otherwise modify the minimum insurance requirements and you must comply with any modification. We may obtain insurance coverage for your Kitchen if you fail to do so, at your cost, plus our administrative fee for doing so.

If you will be engaging in any construction, renovation or build-out of the premises for the Kitchen, either you or your third-party contractor must have in force for the duration of said project, Commercial General Liability insurance and Worker’s Compensation and Employer’s Liability insurance in the amounts listed above as well as Builder’s Risk insurance in an amount approved by us.

**Purchasing or Distribution Cooperatives**

We may negotiate purchase arrangements with some of our suppliers (including price terms and product allocations) for the benefit of System franchisees, but we are under no obligation to do so. There are currently no purchasing or distribution cooperatives related to the System.

**Material Benefits**

We do not provide material benefits to franchisees, such as renewal rights or ability to purchase additional franchises, based on your use of approved or designated sources.

**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.**

In the table below, the following abbreviations have these meanings: FA means the Franchise Agreement and MUDA means the Multi-Unit Developer Agreement.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	FA – Sections 3 and 5 MUDA – Section 3	Items 7, 8 and 11
b. Pre-opening purchases/leases	FA – Section 3.3	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	FA – Sections 3 and 5	Items 1,7, 8 and 11

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
d. Initial and ongoing training	FA – Section 5.3	Items 5, 6 and 11
e. Opening	FA – Section 6.1	Items 5, 6 and 11
f. Fees	FA – Section 4 MUDA – Section 2	Items 5, 6, and 7
g. Compliance with standards and policies/Manuals	FA – Sections 5.5 and 6 MUDA – Section 3	Items 8, 11 and 14
h. Trademarks and proprietary information	FA – Section 6.6 MUDA – Section 8	Items 11, 13 and 14
i. Restrictions on products/services offered	FA – Section 6.9	Items 8, 11 and 16
j. Warranty and customer service requirements	FA – Section 6.12	Item 8
k. Territorial development and sales quotas	FA – N/A MUDA – Section 1 and 3	Item 12
l. Ongoing product/service purchases	FA – Section 6.2 and 6.9	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	FA – Section 6	Items 8 and 11
n. Insurance	FA – Section 7.6	Items 6, 7 and 8
o. Advertising	FA – Section 4.3	Items 6, 8 and 11
p. Indemnification	FA – Section 7.2 MUDA – Section 10	Item 6
q. Owner’s participation/management/staffing	FA – Sections 6.3 MUDA – Section 8	Items 1, 11 and 15
r. Records and Reports	FA – Sections 4.3.1, 4.7 and 4.8	Item 6 and 11
s. Inspections and audits	FA – Sections 4.8, 4.9 and 6.7	Items 6, 8 and 11
t. Transfer	FA – Section 8 MUDA – Section 7	Items 6 and 17
u. Renewal	FA – Section 2.2	Items 6 and 17
v. Post-termination obligations	FA – Section 10 MUDA – Section 6	Items 6 and 17

Obligation	Section in Agreement	Disclosure Document Item
w. Non-competition covenants	FA Section 7.4 MUDA – Section 8	Item 17
x. Dispute Resolution	FA – Section 12 MUDA – Section 14	Items 6 and 17
y. Liquidated Damages	FA –Section 9	Item 6
z. Guarantee of franchisee obligations	FA-Exhibit 3 MUDA-Exhibit 4	Item 1

**ITEM 10**  
**FINANCING**

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

**ITEM 11**  
**FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

Except as listed below, Taste Buds Kitchen International, LLC is not required to provide you with any assistance.

**Pre-Opening Obligations**

**Multi-Unit Developer Agreement:** Under the Multi-Unit Developer Agreement, we will provide you with the following assistance:

1. We will grant to you rights to a Development Area within which you will establish and operate an agreed-upon number of Kitchens under separate Franchise Agreements (Multi-Unit Developer Agreement – Section 1.1).
2. We will review the information regarding potential sites that you provide to us to determine whether the sites meet our standards and criteria for a Taste Buds Kitchen and, if the site meets our criteria, accept the site for a Kitchen (Multi-Unit Developer Agreement – Section 5.1).
3. We will provide other resources and assistance as may be developed and offered to our multi-unit developers (Multi-Unit Developer Agreement – Section 5.1 and 5.2).

**Franchise Agreement:** Before the opening of a Kitchen we will provide the following assistance and services:

1. A copy of our written site selection guidelines and the site selection assistance we deem advisable, including review and approval or disapproval of proposed sites and the proposed lease or purchase agreement for the premises (Franchise Agreement, Section 5.1.) We will also designate a Search Area and your Territory.

2. A copy of standard specifications and requirements for building and furnishing the Kitchen. You must hire our approved architect to prepare construction plans to suit the approved location and the plans must be approved by us before construction can begin. (Franchise Agreement, Section 5.2.)

3. A copy, on loan, via e-mail (or any other method of our choosing) of our Confidential Operations Manual, which we may revise during the term of your Franchise Agreement. (Franchise Agreement, Sections 5.5.)

4. A list of any required products or equipment and of approved suppliers, which is subject to change during the term of your Franchise Agreement. (Franchise Agreement, Sections 6.2)

5. An initial training program at our headquarters (or any other location designated by us), as described below. (Franchise Agreement, Sections 5.3)

### **Ongoing Obligations**

During your operation of a Kitchen we will provide the following assistance and services:

1. As we reasonably determine necessary, visits to and evaluations of the Kitchen and the products and services provided to make sure that our high standards of quality, appearance and service of the System are maintained. (Franchise Agreement, Section 6.7.)

2. Advice and written materials (including updates to the Operations Manual) concerning techniques of managing and operating the Kitchen, including new developments and improvements in equipment, food products, recipes, packaging and preparation, as we deem appropriate. (Franchise Agreement, Sections 5.4. and 5.5)

3. Training programs and seminars, franchisee meetings and other related activities regarding the operation of the Kitchen, as we determine necessary, for you or Kitchen personnel generally, which may be mandatory for you, your General Manager and other Kitchen personnel. (Franchise Agreement, Sections 5.3 and 5.6.)

4. At your request, subject to availability of personnel, additional on-site training at your Kitchen. You must pay our per diem fee for each trainer providing the training as well as reimbursement of expenses (see Item 6). (Franchise Agreement, Section 5.3)

5. Administration of the Brand Development Fund for so long as we maintain one, in our discretion. (Franchise Agreement, Section 4.3.3.)

6. We reserve the right to approve pricing and/or designate minimum and/or maximum prices you may charge, to the extent permitted by applicable law. (Franchise Agreement, Section 6.2)

### **Site Selection and Opening**

If we have not yet designated an accepted location for the Kitchen when the Franchise Agreement is signed then you are responsible for locating a site within a Search Area. The Search Area is delineated for the sole purpose of site selection and does not provide any territorial exclusivity or protection.

You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for the Kitchen and for constructing and equipping the Kitchen at the accepted site. You will select the



site for the Kitchen subject to our acceptance and using our site selection criteria and any designated vendors we require. Before you lease or purchase the site for the Kitchen, you must locate a site that satisfies our site selection guidelines. Our acceptance only means that the site meets our minimum requirements for a Kitchen. We reserve the right to approve deviations from our site selection standards based on the individual factors and components of a particular site.

Site selection assistance by us does not relieve you of the primary obligation to locate a site within the time periods prescribed herein. Our criteria for site selection include, but are not limited to: location of the site and its setting (free-standing building, shopping center, downtown location, etc.); availability of parking; visibility from main roads; availability, size and placement of signage; co-tenants in the shopping center or immediate area; accessibility to the site; condition of the premises and how much build-out or construction it will need; proximity to competitive businesses; and availability of utilities. We will use these and other factors in determining the suitability of your proposed site for a Taste Buds Kitchen. Once the location for your Kitchen has been determined your Kitchen may not be relocated without our prior written consent. You must provide us with a copy of the lease for your Kitchen location for review prior to execution. You must also provide an executed copy once signed.

You must submit to us information and materials relating to the proposed site for our review no later than 90 days after you have signed the Franchise Agreement. There is no contractual limit on the time it takes us to accept or reject your proposed location, however we generally do not take more than 30 days from the time we receive the information requested by us, to accept or reject your proposed location. We estimate that the time from when we approve the location for your Kitchen to the opening of the Kitchen will be approximately four to six months. This time may be shorter or longer depending on the time necessary to obtain financing, to obtain the permits and licenses for the construction and operation of the Kitchen, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Kitchen, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Kitchen, including purchasing inventory and supplies. You must open the Kitchen and begin business within twelve months after you sign the Franchise Agreement, unless you obtain a written extension of this time period from us. If you are unable to open the Kitchen when required or find a suitable site in the time period required we have the right to terminate your Franchise Agreement without providing a refund of any portion of the initial franchise fee. To the extent we clear you to open based on your satisfaction of certain contingencies and you open without satisfying the contingencies we can charge you a fine, currently in the amount of \$1,000 per week for each week the contingencies remain unsatisfied. This is not our exclusive remedy for your default.

You may not open for business until: (i) you pay the initial franchise fee and other amounts due to us or our affiliate, parent or predecessor; (ii) we notify you in writing that your Kitchen meets our standards and specifications; (iii) you and your General Manager have successfully completed initial training to our satisfaction and have obtained the required certifications; (iv) you have provided us with certificates of insurance for all required insurance policies; and (v) you have received our written approval.

If you are a multi-unit developer, you must sign your first Franchise Agreement at the same time you sign the Multi-Unit Developer Agreement. The typical length of time between the signing of the Franchise Agreement and the opening of your Kitchen is the same as for an individual franchisee unless otherwise agreed to.

### **Advertising Generally**

When established, all franchisees must participate in our customer rewards/loyalty program and adhere to the guidelines we establish from time to time, as set forth in our Operations Manual. We may change the

program in any way in our discretion and we may discontinue the program at any time. All Kitchens will be required to honor the rewards any customer receives as part of being a member of the program, unless we state otherwise. Further, you must participate in and comply with all advertising and promotional campaigns and activities that we conduct, including our gift card program. You must honor all gift cards presented to you in conformance with our gift card policies then in effect.

At our discretion we may require that you prepare an annual advertising and marketing plan to be submitted to us for your Kitchen (the “Annual Advertising and Marketing Plan”) which shall consist of both traditional and grass roots marketing initiatives. You must adhere to the approved plan, including use of approved advertising and marketing materials and providers, placement and purchase of advertising and marketing materials and media, and compliance with all promotional recommendations.

### **Grand Opening Marketing Campaign**

You must conduct a grand opening marketing campaign to promote the opening of your Kitchen, and you must spend \$10,000 for this campaign. You must use our approved vendor in the manner specified to conduct the grand opening marketing campaign. This marketing campaign will begin approximately four (4) months prior to your opening, provided however, we may designate a different time period. You are also required to engage in grass roots marketing within your Territory, during this time period, in addition to the grand opening marketing expenditures. We must approve of your grand opening marketing campaign before it is conducted.

### **Brand Development Fund**

We have established a brand development fund to be administered for the common benefit of System franchisees (the “Fund”). Under the Franchise Agreement, we have the right to require you to contribute up to 2% of your weekly Gross Revenues to the Fund (currently 1.5%) currently required to be paid on Wednesday each week, beginning with the week following the week in which you begin making sales in connection with your Kitchen, via EFT withdrawal. We reserve the right to change the pay day or frequency. We can increase the brand development fund payment to a maximum of 2% upon 30 days’ notice to you.

Neither we, nor our affiliate-owned kitchens, are contractually required to contribute to the Fund, although they may contribute, in our discretion. We have the sole right to determine contributions and expenditures from the Fund, or any other advertising program, and sole authority to determine the selection of the advertising materials and programs. We are not required, under the Franchise Agreement, to spend any amount of Fund contributions in your Territory and not all System franchisees will benefit directly or on a pro rata basis from these expenditures. (Section 4.3.3.2 and 4.3.3.3 of the Franchise Agreement). We have the right to use Fund contributions, at our discretion, to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing networking sites and social media, such as Facebook, Twitter, LinkedIn, and on-line blogs and forums; creating and/or maintaining a presence in virtual worlds; developing, maintaining, and updating a World Wide Web or Internet site for the System; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items; conducting and administering promotions and “mystery shopper” program(s) which may include call recording; implementation and use of Customer Relationship Management software and solutions; the development and maintenance of application software designed to run on computers and other personal electronic devices and providing promotional and other marketing materials and services to the kitchens operating under the System. Our decisions in all aspects related to the Fund will be final and

binding. We may charge the Fund for the costs and overhead, if any, we incur in activities reasonably related to the creation, implementation and administration of the Fund and the advertising and marketing programs for franchisees. These costs and overhead include: (i) the cost of preparing advertising campaigns and other public relations activities, (ii) the cost of employing advertising agencies, including fees to have print or broadcast advertising placed by an agency and all other advertising agency fees, and (iii) the proportionate compensation of our employees who devote time and render services in the conduct, formulation, development and production of advertising, marketing and promotion programs or who administer the Fund. (Section 4.3.3.2 of the Franchise Agreement).

Although we anticipate that all Fund contributions will be spent in the fiscal year in which they accrue, any remaining amounts will be carried over for use during the next fiscal year. We do not owe you any fiduciary obligation for administering the Fund. The Fund may spend more or less than the total Fund annual contributions in a given fiscal year and may borrow funds to cover deficits. If we terminate the Fund, we may choose to spend the funds in accordance with our then-current marketing policies or distribute funds to franchisees on a pro-rata basis. There is no requirement that the Fund be audited. Upon your written request, we will provide you with un-audited fiscal year-end financial statements and accountings of Fund expenditures. (Section 4.3.3.2 of the Franchise Agreement). We may incorporate the Fund or operate it through a separate entity if we deem appropriate and we may maintain contributions to the Fund in a separate bank account or hold them in our general account and account for them separately.

In our prior fiscal year ending 11/30/23, \$45,919.27 was collected and \$40,184.24 was spent. Of the amount spent, 40% was spent on social media and branded posts; 17% was spent on graphic design; 18% was spent on administrative expenses, 12% was spent on website and search engine optimization costs; 7% was spent on video production related expenses, 5% was spent on public relations/media and 1% was spent on social media advertisements.

Advertising to be used by the Fund or by you locally may be produced in-house or through an outside agency. (Section 4.3.3.2 of the Franchise Agreement).

We will benefit from contacts by new franchisee candidates through our National Consumer Website, and our franchise opportunity information and application pages will be present within the site, however, we do not otherwise anticipate that any part of your contributions to the Fund will be used for advertising that is principally a solicitation for the sale of additional franchises, but we reserve the right to include a message or statement in any advertisement indicating that franchises are available for purchase and related information. (Section 4.3.3.3 of the Franchise Agreement). We also reserve the right to require you to place a “franchises available” sign (which signage will be provided by us) at a location we designate at your Franchised Business.

### **Paid Local Advertising and Marketing**

You must conduct paid local advertising in your Territory and you must spend at least \$2,000 each month on local advertising for your Kitchen, utilizing our approved vendor. We reserve the right to adjust this amount as needed, upon 30 days advanced written notice. Within 30 days of our request, you must provide us with proof of your local advertising and marketing expenditures, including verification copies of the advertisements. You are also required to engage in grass roots marketing within your Territory, in addition to the paid local advertising requirement.

We must approve all promotional materials before you use them. You must not advertise or use our Proprietary Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication without our express written consent.

You must provide any proposed promotional materials to us at least 30 days before placement deadline. We are not contractually obligated to approve or reject any materials submitted to us within the 30 days, but we will attempt to do so. You may not use the materials unless we give you approval in writing. Any materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials.

We reserve the right to require you to include certain language in your local advertising, such as “Franchises Available” and/or “Each Franchise Location Independently Owned and Operated” and our website address and phone number.

You may not directly advertise your Franchised Business or the sale of products or services offered by your Franchised Business outside of your Territory, without our prior written consent.

### **Cooperative Marketing**

If we establish an advertising cooperative within a geographically defined local or regional marketing area in which your Kitchen is located, you must participate and abide by any rules and procedures the cooperative adopts and we approve. You will not have to participate in more than one advertising cooperative. Each cooperative will be organized for the exclusive purposes of administering marketing programs and developing promotional materials for use by the members in local advertising and marketing. You will contribute to your respective cooperative an amount determined by the cooperative, but not to exceed 2% of your monthly Gross Revenues, which you may apply toward satisfaction of your local advertising requirement. If the amount you contribute to a cooperative is less than your local advertising requirement, you must still spend the difference locally. If it is more, you must still contribute the required amount to the cooperative. We have the right to draft your bank account for the advertising cooperative contribution and to pass those funds on to your respective cooperative. Our affiliate owned businesses may but will have no obligation to participate in any such advertising cooperatives.

The cooperative members are responsible for the administration of their respective advertising cooperative, as stated in the by-laws that we approve. The by-laws and governing agreements will be made available for review by the cooperative’s franchisee members. Each cooperative will maintain its own funds; however, we have the right to review the cooperative’s finances, if we so choose. We may require a cooperative to prepare annual or periodic financial statements for our review. Your Franchised Business may not benefit directly or proportionately to its contribution to the cooperative.

We reserve the right to approve all of a cooperative’s marketing programs and advertising materials. On 30 days written notice to affected franchisees, we may terminate or suspend a cooperative’s program or operations. We may form, change, dissolve or merge any advertising cooperative. Currently there are no cooperatives in the System.

### **Access to Graphic Designer**

You may have access to our approved Advertising and Graphic Design Provider. In addition to the materials approved by us and made available to you, you may request the Advertising and Graphic Design Provider to create advertising materials on your behalf specifically for your Taste Buds Kitchen. If you do, you must pay the Advertising and Graphic Design Provider directly for the total cost of the materials, and the materials must be approved by us before being ordered by you. We may also require use of the Advertising and Graphic Design Provider. We will retain exclusive rights to any and all materials produced by or for franchisees and we have the right, without payment of any kind, to make these materials available for use by us and all other franchisees. You will have no rights in the materials other than our permission for use by you.

## **Booking Software**

You must use our designated booking software, computer hardware and other software that meets our specifications and that are capable of electronically interfacing with our computer system.

The Booking Software is designed to enable us to have immediate access to the information monitored by the system, and there is no contractual limitation on our access or use of the information we obtain. You must install and maintain equipment or software in accordance with our specifications, to permit us to independently access the computer system. This will permit us to electronically inspect and monitor information concerning your Kitchen's Gross Revenues and any other information that may be contained or stored in the equipment and software. You must make sure that we have access at the times and in the manner we specify, at your cost.

You must obtain and maintain high speed Internet access or other means of electronic communication, as specified by us. It will be a material default under the Franchise Agreement if you do not maintain the equipment, lines and communication methods in operation and accessible to us at all times throughout the term of the Franchise Agreement. We must have access at all times and in the manner that we specify.

## **Website**

Posting on internet websites is considered "advertising" under the Franchise Agreement, and is subject (among other things) to our review and prior written approval. The term Website includes Internet and World Wide Web pages and encompasses social media sites and activities in virtual worlds. You may not establish a Website using or displaying any of the Marks, and you may not advertise your Franchised Business or the sale of products or services offered by your Franchised Business on a Website, except as we permit. We may host and give you access to a separate web page for your Franchised Business on our website(s) ("Location Micro-Site"). Any electronic materials you propose to use must be approved in advance by us before publication to any site. (Section 4.3.4 of the Franchise Agreement).

Currently, customers will find your Location Micro-Site as a link on our System Website (the "National Consumer Website"). You do not have any responsibility for designing or hosting the National Consumer Website. However, if you are found to not be in compliance with the System or anything required under this Agreement you will be denied the benefits of your Location Micro-Site until the violation is corrected.

We will have the right to establish a Website or other electronic system providing private and secure communications between us, our franchisees, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access in the manner we designate.

We reserve the right to develop proprietary software or alternate sources to provide your Location Micro-Site hosting and/or other services. If we do so, we or our designee shall license the software to you and you must pay any fees associated as a result. You must comply with all standards and specifications prescribed by us in the Operations Manual.

We reserve the right to provide you password protected access to conduct all business-related e-mail operations through your private portion of your Location Micro-Site. You may only use the Website and Internet presence provided by us. You may not use any other form of Website, URL or Internet advertising without our express permission.

## **Computer and Accounting System**

We have the contractual right to develop a point of sale (POS) system and a backroom computer system for use in connection with the System. You must acquire computer hardware equipment, software, telecommunications infrastructure products and credit card processing equipment and support services we require in connection with the operation of your Franchised Business and all additions, substitutions and upgrades we specify. Your computer system must be able to send and receive email and attachments on the Internet and provide access to the World Wide Web and otherwise support our then-current information technology system. (Section 6.9.5 of the Franchise Agreement). We may provide you with a Taste Buds Kitchen e-mail address. We own all Taste Buds Kitchen e-mail addresses that you are permitted to use and have full access to all communications sent and received using those addresses. When conducting business with customers, vendors or suppliers of your Franchised Business via e-mail, you must use any Taste Buds Kitchen e-mail address provided by us. Should you wish to have the use of an additional e-mail account (beyond the first two), the cost for an additional e-mail account is currently \$100.00 per account, per year.

We will have the right to independently access information and data collected by the POS system or otherwise related to the operation of your Franchised Business. You must allow us to access the information remotely and we shall have the right to disclose the information and data contained therein to the System. There is no contractual limitation on our right to access this information and data. (Sections 6.9.5 of the Franchise Agreement).

Currently we are requiring that you have a MAC OS computer system. We recommend, but do not require, that you have a back-up device (either on-site or off-site) to back up your computer files. You must have the current version of MAC OS software that we specify, including the current versions of Pages and Numbers, a laser or ink jet printer and fax machine and hardware needed to process credit card payments. You must also make sure that your computer system has the software necessary to allow us independent access to your computer system at all times. You may purchase your computer system from any vendor, and we estimate that the initial cost of your computer system will be between \$4,500 to \$5,500.

We strongly recommend, but do not require, that you obtain an on-site maintenance contract for your computer system's hardware and software. Since a maintenance contract is not required, we cannot estimate your annual cost for a maintenance contract. The cost will depend, in part, on the services you choose, the rates charged by your provider and the length of the contract. Neither we nor any affiliate currently provide you with any computer maintenance, updates or upgrades.

You will be required to pay access and or services fees to third party software vendors for the use of an Online Staff Scheduling System, an Online Payroll System, an Online Waiver Management System, and an Online Shopping System. We estimate that you will be required to pay approximately \$125 per month for ongoing software support. You will also be required to pay to us a Technology Fee, currently in the amount of \$425.00 per month. The Technology Fee may be used towards costs we incur in relation to website hosting and updates, establishing and maintaining our Franchise Management System, CRM software, training software, employee recruiting software, email and phone hosting and other technology related items. We may modify the Technology Fee based on vendor pricing and/or the technology we determine to cover as part of the fee upon written notice to you. This Technology Fee is in addition to any payments you must make directly to the third-party providers of any software.

You must upgrade or update your computer equipment and software to comply with our current requirements within thirty days of a change in our requirements. There is no contractual limitation on the frequency or cost of required updates or upgrades. We reserve the right to adopt new technology at any time, which may result in additional fees to you that are not currently known.

### **Additional Investment**

We reserve the right to periodically make changes to the System, including the training curriculum, certifications, standards, facility location requirements, signage, equipment, and fixtures requirements. In the event we make any of these types of changes, or your equipment or facilities wear out or become obsolete (including no longer complying with System standards or requirements), you may have to make, on an as-needed basis, additional investments in your Franchised Business. You must maintain the Franchised Business and the Approved Location in “like new” condition, normal wear and tear excepted, and shall repaint, redecorate, repair or replace equipment, fixtures and signage as necessary to comply with our standards and specifications.

Once every five years, we may require you to refurbish or remodel your Franchised Business in accordance with our then-current brand image and standards, including those relating to fixtures, furnishings, signs, trade dress and equipment. (Section 6.3.6 of the Franchise Agreement).

### **Advertising Advisory Council**

We may, in our discretion, form an advertising advisory council to work with us to improve the System, the products offered by Taste Buds Kitchen, advertising conducted by the Brand Development Fund, and any other matters that we deem appropriate. If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision making authority. We will have the right to form, change, merge or dissolve any advisory council.

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**Training**

**INITIAL TRAINING PROGRAM**

<b>INITIAL TRAINING PROGRAM</b>			
<b>Subject</b>	<b>Hours of Classroom Training*</b>	<b>Hours of On-the-Job Training**</b>	<b>Location</b>
Pre-opening Checklist	2		Remote training
Owner’s Track 1 Includes real estate, site selection, architectural plans, bidding, construction, insurance, accounting, demographic mapping, funding, accounting and charts of accounts.	8		Remote training
Bookkeeping	1		Remote training
Owner’s Track 2 Includes pre-launch best practices for operations and marketing, equipment purchase, finding and hiring your general manager, human resources/benefits, staffing your events, navigating the pantry.	8		Remote training
Marketing Training Includes yearly marketing plan, sales goals, paid ads, analytics dashboard, grand opening campaign, corporate outreach, promotional events, launching the website, sales and CRM management.	6	2	Remote training and in person training
Operations Training	16	2	Remote training and In-Kitchen training in Chester, MD
Events Training		32	In-Kitchen training in Chester, MD
Grand Opening Training		32	In-Kitchen training at Location
Level 2 Training		16	At our Affiliate location in NY, NY.
Reporting	2		Remote training
<b>Total Hours</b>	<b>43</b>	<b>84</b>	

\*This includes “virtual” training.

\*\*“On-the-job” training hours may be converted to “classroom” training hours if we determine that in person training is not advisable due to health and safety reasons or otherwise in our discretion. In that case, remote training will be conducted.



No later than 30 days before the date the Kitchen begins operation, you (or your Operating Principal, if you are an entity) must have completed, to our satisfaction, our new owners training program (“Initial Training Program”). The initial training program is designed to provide training in the operation and management of a Taste Buds Kitchen. Your General Manager must complete, to our satisfaction, the New Owners Training Program within 60 days of their start date (or at the next available training if no training is offered within 60 days of their start date). We plan to conduct this training both remotely and at our corporate kitchen in Maryland or at another location we designate, however, we may conduct training in a fully remote fashion if deemed necessary. There currently are no fixed (such as monthly or bi-monthly) training schedules. We will hold our training program on an “as needed” basis, depending on the number of franchisees and their employees needing training.

We will provide instructors and training materials for up to three trainees (consisting of the owners and General Manager), the cost of which is included in the initial franchise fee. You may also have additional personnel trained by us for the Kitchen, at your expense, for the then-current additional per person training fee (currently \$2,000). We will determine whether you (or your Operating Principal if you are an entity) or your General Manager have satisfactorily completed initial training. If you (your Operating Principal if you are an entity) or your General Manager do not satisfactorily complete the initial training program or if we determine that these persons cannot satisfactorily complete the training program, you must designate a replacement approved by us to satisfactorily complete the training before you will be permitted to open your Kitchen. Otherwise, we have the right to terminate your Franchise Agreement. You are responsible for all training-related expenses including transportation to and from the training site, lodging and dining expenses. In addition, if your employees will receive a salary during training, you are solely responsible for paying their salary.

Any General Manager or Operating Principal subsequently designated by you must also receive and complete the initial training program to our satisfaction, even if this requires sending that General Manager or Operating Principal to our training program, at your expense. We reserve the right to charge our then-current per person fee for the initial training if we provide training to a replacement or successor employee (if we have not approved you to provide the training). We may approve you to train replacement managers under our training program but you may not train any personnel until we have approved you as a trainer.

If, during the term of your Franchise Agreement, you request that we provide additional training or assistance on-site at your Kitchen, or if we determine it is necessary, you must pay our then-current per diem fee for each trainer we provide (currently \$1,000 for up to an 8 hour day, per instructor and \$400 per day for travel days (exclusive of on-site days), per trainer) and you must reimburse us for any expenses our trainers incur, such as costs of travel, lodging, and meals. Remote training may be substituted for in person training, at our discretion.

We may also choose to hold refresher training courses, and we may designate that attendance at refresher training is mandatory for you, your Operating Principal, General Manager and/or other Kitchen personnel. We may charge our then-current fee for refresher training (currently \$350 per person, for each seminar or training) and you will pay for all of the expenses incurred by your trainees, including travel, lodging, meals and wages.

The instructional materials used in the initial training include our Operations Manual, marketing and promotion materials, videos, supplemental resources and any other materials that we believe will be beneficial to our franchisees in the training process.

The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to

a specific franchisee and its personnel may vary based on the individual needs and/or experience of those persons being trained.

The instructors primarily conducting our initial training program include Jessi Brelsford, Jeff Brelsford, Jazmine Hall and Melinda Swahn. Jessi Brelsford has over 16 years of experience relevant to the subject matter she will be teaching. She is our Founder and has been our Chief Executive Officer since our inception in November 2013. She is also the Founder and Chief Executive Officer of our affiliate, Taste Buds Kitchen LLC, which was formed in September 2007. Jeff Brelsford has over 10 years of experience relevant to the subject matter he will be teaching. He has been our Chief Operating Officer and Director of Facilities since November 2013. Jazmine Hall has over 5 years of experience with us and with the subject matter she will be teaching and Melinda Swahn has over 8 years of experience with us and with the subject matter she will be teaching.

We may choose to hold an annual meeting of our franchisees to provide additional training, introduce new products or changes to the System, or for other reasons. We may designate that attendance at an annual meeting is mandatory for you, your Operating Principal, your General Manager and/or other Kitchen personnel. We may charge an attendance fee, which is currently \$350 per person, which is payable whether you attend or not, and you will pay for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals and wages. We will designate the location of any franchisee meeting, such as a resort hotel, but we will not designate an unreasonably expensive site. We do not expect that any meeting will last longer than four days.

In addition, you, your General Managers and any other personnel we designate must complete ServeSafe Manager Training (or similar) and you and all employees must be Adult-child-infant First-Aid and be CPR certified by an accredited institution following American Heart Association guidelines or other similar certifications that we designate, in our discretion. The cost of these certifications is not included in the initial franchise fee and we do not provide certification. You may need to receive periodic additional training and/or certification.

You must hire all employees of your Kitchen and are responsible for the terms of their work, training, compensation, management, promotions, terminations, and oversight. You must communicate clearly with your employees in your employment agreements, employee manuals, human resources materials, written and electronic correspondence, pay checks and other materials that you (and only you) are their employer.

### **Confidential Franchise Operations Manual**

The Table of Contents for our Operations Manual is attached to this Disclosure Document as Exhibit F. Our Operations Manual contains approximately 476 pages.

## **ITEM 12** **TERRITORY**

### **Franchise Agreement**

The Franchise Agreement grants you the right to operate one Kitchen at the Approved Location identified in the Franchise Agreement or subsequently identified and mutually acceptable to both you and us. You must locate an Approved Location within the non-exclusive Search Area that we specify. The Approved Location will be added to the Franchise Agreement once we accept it and you secure it. Your Search Area is not exclusive and is only intended to give you a general indication of the area within which you may locate the site for the Approved Location.

If the lease term is shorter than the term of the Franchise Agreement and the lease cannot be renewed or extended, or you cannot continue for any other reason to occupy the premises of the Kitchen, you must relocate your Kitchen to a site mutually acceptable to you and us in order to complete the balance of the term of the Franchise Agreement. You must give us notice of your intent to relocate, must pay the relocation fee, must procure a site acceptable to us within 60 days after closing the prior Kitchen location, and must open the new Kitchen for business within 180 days of closing the previous one. We may or may not agree to such relocation based upon various criteria including, but not limited to: area demographics, estimated market demand and proximity to other System Kitchens. If you fail to comply with the relocation requirements, we may terminate the Franchise Agreement.

We will provide you with a protected Territory subject to the following terms, conditions and limitations set forth in this Item: if you are in compliance with the Franchise Agreement, we will not own, operate, franchise or license any other Kitchen within the Territory during the Term of the Franchise Agreement, except as otherwise provided for herein. Although no other Kitchens will be physically located within your Territory, your Territory may overlap with those of other franchisees or affiliate-owned locations. The continuation of your right to operate your Kitchen in the Territory is not dependent upon achieving a certain sales volume, market penetration or other contingency.

You have no right to distribute any services or products offered in the Kitchen through any alternate channels of distribution such as the Internet (including conducting online events and other Taste Buds Kitchen offerings), catalog sales, telemarketing or other mail order devices.

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/or our affiliates reserve all other rights with respect to the Territory, which include but are not limited to:

- (i) the right to own, operate, franchise or license, both within and outside the Territory, kitchens, cafes and food distributors or retailers or any other business operating under names other than the Proprietary Marks, regardless of whether or not these other concepts offer products and services which are similar to or competitive with those offered by your Kitchen
- (ii) the right to distribute products and services in alternative channels of distribution and/or to establish a Taste Buds kitchen at a "Special Site", whether now existing or developed in the future, both within and outside the Territory (which alternative channels of distribution and/or Special Sites include but are not limited to: club stores, specialty stores, grocery stores, supermarkets, catering services, special events centers, parks, stadiums, arenas, museums, art centers, military bases, airports, other public transportation facilities, government offices or institutions, department stores, health care facilities and other institutional food service facilities, hotels and motels, toll road or highway rest stops, colleges, universities, food concession stands, theaters, theme parks, amusement centers, truck stops, beaches, boardwalks and casinos, temporary events, retail kitchen locations being sublet under a lease to a master concessionaire, in addition to sales of products by mail order, catalog, or via the internet, and any similar outlets or distribution methods);
- (iii) in connection with a merger or acquisition, the right to own, operate, franchise or license businesses operating under names other than those identified by the Proprietary Marks, regardless of whether or not these other concepts offer products and services similar to or competitive with those offered by your Franchised Business and regardless of location, and the right to convert those locations to Taste Buds kitchens; and

- (iv) the right to be acquired by (or merge or become affiliated with) any other business operating under names other than the Proprietary Marks, including a competing business, with locations anywhere, which may result in the required conversion of the Kitchen.

We and our affiliates are under no obligation to pay you any compensation for selling similar products or services through other channels of distribution or at Special Sites under the same and/or different proprietary marks within the Territory. We or our affiliates will fulfill all orders placed through the retail portion of our Website (including virtual event hosting), and you will not be entitled to any portion of the profits received from this, even if the customer's order is generated from or delivered in your Territory.

We and/or our affiliates retain the right to use and to license others to use the System for the operation and licensing of other System kitchens at any locations outside of the Territory.

Your Territory will generally consist of: (i) a population of approximately 100,000 people or a (4) mile radius; and (ii) an average household income of at least \$100,000. We obtain the population count through the United States Census Bureau. This area may be as small as a city block in densely populated urban areas. The Territory will be identified on Exhibit 1 of the Franchise Agreement. Upon renewal, we will re-evaluate your then-current Territory to determine whether there have been any shifts in demographics or in our standards that would warrant modifying your Territory, therefore your total Territory size upon renewal may be smaller or larger than your original Territory.

You are unrestricted as to the geographic area from which you may accept business as a System franchisee (subject to restrictions regarding online services) but you may not actively solicit business from outside your Territory. Except as we otherwise approve, you may not take part in any sales from a location other than the premises of the Kitchen. You are not permitted to conduct off-site services without our prior written consent. Consent may be revoked at any time.

You are not entitled to any automatic option, right of first refusal or any similar right to acquire additional franchises within the Territory or contiguous territories, but we reserve the right to offer franchisees such rights, in our discretion.

### **Multi-Unit Developer Agreement**

If you enter into a Multi-Unit Developer Agreement, we will define a Development Area within which you will have the right to locate and secure sites for each Kitchen you must open under your Development Schedule. The size of the Development Area will likely vary among new prospects and developers, with the size of your Development Area typically depending on the demographics of the area in and around the region you wish to develop.

We typically identify your Development Area early during the franchise due diligence and offer process, based on where you tell us you wish to operate, and the agreed-to geographic description is inserted into your Multi-Unit Developer Agreement before you sign it. The Development Area may not be modified at any time during the term of the Multi-Unit Developer Agreement unless the parties mutually agree to the modification in a separate signed writing. You maintain your rights to your Development Area, even if the population increases. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria for you to meet the Development Schedule.

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.

Except as described below, during the term of the Multi-Unit Developer Agreement, we and our affiliates will not operate or grant a franchise for the operation of Kitchens to be located within the Development Area. However, we have the right to terminate your Development Area if you are not in full compliance with all of the terms and conditions of the Multi-Unit Developer Agreement and all of the Franchise Agreements signed under it.

We and our affiliates retain all other rights with respect to the Development Area, including the right:

- (i) the right to own, operate, franchise or license, both within and outside the Development Area, kitchens, cafes and food distributors or retailers operating under names other than the Proprietary Marks;
- (ii) to produce, offer and sell and to grant others the right to produce, offer and sell the products and services offered at Kitchens and any other goods displaying the Marks or other trade and service marks through alternative distribution channels such as mail order, catalog, telemarketing, or via the internet, and any similar outlets or distribution and under any terms and conditions we deem appropriate;
- (iii) to operate and to grant others the right to operate Kitchens at Special Sites within and outside the Development Area under any terms and conditions we deem appropriate;
- (iv) in connection with a merger or acquisition, the right to own, operate, franchise or license businesses operating under names other than those identified by the Proprietary Marks, regardless of whether or not these other concepts offer products and services similar to or competitive with those offered by your Franchised Business and regardless of location, and the right to convert those locations to Taste Buds kitchens; and
- (v) the right to be acquired by (or merge or become affiliated with) any other business operating under names other than the Proprietary Marks, including a competing business, with locations anywhere, which may result in the required conversion of your Kitchens.

In addition, upon the earlier of the opening of all Kitchens under the Multi-Unit Developer Agreement or the expiration of the term of the Multi-Unit Developer Agreement (which is when the last Kitchen to be developed within the Development Area is scheduled to open for business), your rights to develop Kitchens within the Development Area will end and you will have no further rights in the Development Area, except for the individual Territories granted under the Franchise Agreements you have signed with us.

You are not granted any right of first refusal to obtain additional development rights.

To maintain your rights under the Multi-Unit Developer Agreement you must have open and in operation the cumulative number of Kitchens stated on the Development Schedule by the dates agreed upon in the Development Schedule. Failure to do so will be grounds for either a loss of territorial protection or a termination of the Multi-Unit Developer Agreement.

There are no minimum sales goals, market penetration or other contingency that you must meet to keep the protection of your Development Area, except that you must meet your Development Schedule.

### **ITEM 13** **TRADEMARKS**

Under the Franchise Agreement, we grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your franchise (the “Proprietary Marks”). The Multi-Unit Developer Agreement does not grant you the right to use the Proprietary Marks or the System. Our primary service marks are listed below. Our affiliate, Taste Buds Kitchen, LLC registered the following Taste Buds Kitchen Marks with the U.S. Patent and Trademark Office (“USPTO”) on the

Principal Register. You may not sublicense these Proprietary Marks without our written permission. This list may not be an exhaustive list of all marks owned by us or our affiliate.

<b>Mark</b>	<b>Registration Date</b>	<b>Registration Number</b>
Taste Buds Kitchen (Word Mark)	7/21/2015	4,775,692
Taste Buds Kitchen (Word Mark)	12/11/2012	4,257,258

We also own and claim common law trademark rights in the trade dress used in your Kitchen. Our common law trademark rights and trade dress are also included as part of the Proprietary Marks.

We do not currently have a federal registration for our logo. Therefore, our logo does not have as many legal benefits and rights as one with a federally-registered logo. If your right to use the logo is challenged, you may have to change to an alternate logo, which may increase your expenses.

Under a license agreement with Taste Buds Kitchen, LLC dated November 13, 2013 (the “License Agreement”), Taste Buds Kitchen, LLC has licensed us to use the Proprietary Marks and to sublicense them to our franchisees in operating their kitchens. The License Agreement runs for 99 years. No other agreement limits our right to use or license the Proprietary Marks. You cannot contest, directly or indirectly, our affiliate’s ownership of the Proprietary Marks.

Our affiliate intends to file all affidavits and any and all renewals, when due, for the Proprietary Marks listed above.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the Proprietary Marks, nor any pending infringement, opposition, or cancellation proceedings or material litigation involving the Proprietary Marks. There are no agreements currently in effect that significantly limit our right to use or license the use of the Proprietary Marks in any manner material to the franchise. Other than the rights of our affiliate, described above, we are not aware of any superior rights that could affect your use of the Proprietary Marks.

Your rights to the Proprietary Marks are derived solely from your Franchise Agreement. You may have the right to potentially use future trademarks, service marks and logos that we may subsequently license to you. You will only use the Proprietary Marks as we authorize. In using the Proprietary Marks, you must strictly follow our rules, standards, specifications, requirements and instructions which may be modified by us in our discretion. All goodwill associated with the Proprietary Marks remains our exclusive property. You may not use the Proprietary Marks with any unauthorized product or service or in any way not explicitly authorized by the Franchise Agreement. When your Franchise Agreement expires or terminates, all rights for you to use the Proprietary Marks shall cease and you shall not maintain any rights to use any Proprietary Marks. You may not use any other marks, names, commercial symbols or logo type other than those listed above in offering services to the public in connection with your Kitchen.

You cannot use the Proprietary Marks (or any variation of the Proprietary Marks) as part of a corporate name, domain name, homepage, email address or on any website or with modifying words, designs or symbols. You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. You may not apply for any trademark or service mark using our name.

In the event of any infringement of, or challenge to, your use of any of the Proprietary Marks, you must immediately notify us, and we will have sole discretion to take such action as deemed appropriate. You must not communicate with any person other than your legal counsel, us and our legal representative in connection with any infringement challenge or claim. We will indemnify and hold you harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from your authorized use of the Proprietary Marks in accordance with the Franchise Agreement or as otherwise set forth by us in writing, if you have notified us promptly of the claim. We reserve the right, under the Franchise Agreement, to substitute different Proprietary Marks for use in identifying the System and the businesses operating under the System if the current Proprietary Marks no longer can be used, or if we, in our sole discretion, determine that substitution of different Proprietary Marks will be beneficial to the System. If we substitute, change or add any marks, you must bear the cost and expense at your Kitchen (for example, changing signage, business cards, etc.).

## **ITEM 14** **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

### **Patents and Copyrights**

We do not own any registered patents which are material to the franchise. We do claim copyright protection for many aspects of the System, including, without limitation, the content contained in Operations Manual and other manuals, advertising and promotional materials, training materials and programs, our menus, videos, proprietary computer software and applications (including mobile applications), architectural plans and designs, web sites and web pages (including content in virtual worlds), and all other written material we develop to assist you in development and operation, although these materials have not been registered with the United States Registrar of Copyrights.

There are no currently effective determinations of the USPTO, the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of our copyrighted materials. We are not required by any agreement to protect or defend copyrights or to defend you against claims arising from your use of patented or copyrighted items or to participate in your defense or indemnify you.

### **Confidential Operations Manual**

You must operate your Kitchen according to the strict standards, methods, policies and procedures specified in the Operations Manual. The Operations Manual is our sole, exclusive and confidential property which we reveal to you in confidence and may only be used by you as provided in the Franchise Agreement. We may revise the contents of the Operations Manual and you must comply with each new or changed standard, at your own expense. You must make sure that the Operations Manual is kept current at all times. If there is any dispute as to the contents of the Operations Manual, the terms of the master copy maintained by us at our corporate office will be controlling. We may provide you with a hard copy of the Operations Manual, or make our Operations Manual available electronically. You must take all necessary precautions to protect the security of all physical and electronic copies of the Operations Manual.

### **Confidential and Proprietary Information**

Any and all information, knowledge, know-how, techniques and data which we designate as confidential will be deemed confidential for purposes of your Franchise Agreement and/or Multi-Unit Developer Agreement. Examples of confidential information include, without limitation: (1) site selection, construction plans and design specifications; (2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (3) recipes, ingredients and food preparation techniques; (4)

knowledge of specifications for and suppliers of, and methods of ordering, certain products, ingredients, materials, equipment and supplies; (5) knowledge of the operating results and financial performance of other System Kitchens; (6) the Operations Manual; (7) training materials and programs; (8) customer data; (9) all password-protected portions of our Website, intranets and extranets and the information they contain (including the email addresses of our franchisees); and (10) specifics regarding the inner workings of computer software, applications or other technology used by our System.

The Franchise Agreement and/or Multi-Unit Developer Agreement provide that you acknowledge that your knowledge of the operation of the Taste Buds System, including the specifications, standards and operating procedures of the Taste Buds System, is derived from information we disclose to you and that all this information is confidential and our trade secrets. You must require your owners, officers, directors, managers and any of their spouses to sign a personal Guaranty, which binds them to the confidentiality provision in the Franchise Agreement. You must inform your employees and others having access to confidential information of the obligation to maintain the information in confidence and subject to applicable law. All employees must sign a Confidentiality Agreement in a form satisfactory to us, giving us the right to enforce the agreement as a third-party beneficiary. All executed agreements must be forwarded to us to ensure compliance. You are responsible for assuring, before any person leaves your employment, such person returns to you all documents and materials containing our trade secrets and confidential information.

All data that you collect from customers of the Kitchen or through marketing is deemed to be owned exclusively by us and/or our affiliates. You must install and maintain security measures and devices necessary to protect the customer data from unauthorized access or disclosure, and you may not sell or disclose to anyone else any personal or aggregated information concerning any customers. You have the right to use the customer data only in connection with your Kitchen, while the Franchise Agreement is in effect. If you transfer the Franchised Business to a new owner, who will continue to operate it under an agreement with us, you may transfer the customer data to the new owner as part of the going concern value of the business.

All new products, items, services and other developments, whether they be of our original design or variations of existing services or techniques, or your original design or variations of existing services or techniques, and whether created by or for you or an employee will be deemed a work made for hire and we will own all rights in them. If they do not qualify as works made for hire, you must assign ownership to us under the Franchise Agreement. You will not receive any payment, adjustment or other compensation in connection with any new products, items, services or developments.

**ITEM 15**  
**OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION**  
**OF THE FRANCHISED BUSINESS**

You (or, if you are an entity, your Operating Principal) must personally participate in the operation of your Kitchen. The Operating Principal must be an equity owner in the Franchised Business (in an amount of at least 10%) and have the authority to bind you in all operational decisions regarding the franchise. We will have the right to rely on any statement, agreement or representation made by the Operating Principal. You may not change the Operating Principal without our prior written approval.

You will need a full-time General Manager to be responsible for the direct on-premises supervision of the Kitchen at all times during the hours of operation as required by us. However, you are still responsible for the operations of your Kitchen. At all times, you will keep us advised of the identity of your General Manager. If your General Manager's employment terminates for any reason, you must engage a suitable replacement as soon as possible, but in no event more than 60 days from the date of termination and you



must provide suitable coverage in the interim. Your General Manager need not have any equity interest in the Franchised Business. You will disclose to your General Manager only the information needed to operate your Kitchen and the General Manager will be advised that any confidential information is our trade secret.

Both the franchisee (in the case of an individual), your Operating Principal (in the case of an entity) and the General Manager must attend and satisfactorily complete our initial training program.

All of your employees must execute the Confidentiality and Non-Disclosure Agreement in the form attached as Exhibit 5 to the Franchise Agreement. If you are a legal entity, each of the following individuals must sign the Guaranty to our Franchise Agreement: (i) each of your shareholders if you are a corporation; (ii) each of your partners if you are a general partnership; or (iii) each of your members and managers if you are a limited liability company. Spouses of the aforementioned are also required to sign the Guaranty.

If we determine in our sole judgment that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption in operation of the Kitchen, we may operate your business for as long as we deem necessary and practical. In our sole judgment, we may deem you incapable of operating the Kitchen if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to make payments when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your business; or we determine that operational problems require that we operate your Kitchen for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the business as a going concern. We shall keep in a separate account all monies generated by the operation of your Kitchen, less our management fee and our expenses, including reasonable compensation and expenses for our representatives. You must hold us and our representatives harmless from and against all actions occurring during the course of such temporary operation. You must pay all of our reasonable attorneys' fees and costs incurred. All royalty fees and other fees due under the Franchise Agreement shall remain payable during our period of operation and shall be paid out of the revenues from the Kitchen.

#### **ITEM 16** **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You may only offer or sell products and services that are approved by us and must offer for sale certain products and services as designated by us. We may add, delete or alter approved products or services that you are required or allowed to offer in our sole discretion. There are no limits on our right to do so. You must discontinue selling and offering any products, services or items that we, in our sole discretion, disapprove in writing at any time. You may not conduct any other business or activity at the Kitchen without our written permission. You are not permitted to rent out your Kitchen or host any events at your Kitchen which are not affiliated with Taste Buds and approved by us. You may only sell products at retail and may not engage in the wholesale or distribution of any product.

On a case-by-case basis, we may allow you or other franchisees to offer additional services, products or programs that are not otherwise part of the franchise System. We will decide which franchisees can offer additional services and products based on test marketing, the franchisees' qualifications and operational history, differences in regional or local markets and other factors.

You may not create unapproved rewards or loyalty programs. You cannot offer free products or services unless approved by us in connection with an "Open House" at your Kitchen. You may only provide services in your Kitchen in a "live" setting and may not conduct online classes, parties or other events or provide other online offerings without our written consent (which we are not required to give). We may regulate procedures for online/electronic orders and registration, and we have the right to set restrictions on the pricing and sizes of all products that are sold or distributed.

We require you to limit your business to the operation of the Kitchen. If you are an entity, you must be a single purpose entity and you cannot operate any other business or sell any products or services, other than those approved in connection with your Kitchen, using your entity name. You cannot own a vehicle in the name of, or through, the franchisee entity.

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

**THE FRANCHISE RELATIONSHIP**

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

Provision	Section in Franchise Agreement	Summary
a. Length of the term of the franchise	Section 2.1	Term continues for 10 years from the date of the Franchise Agreement unless terminated earlier.
b. Renewal or extension of the term	Section 2.2	Up to two additional terms of 5 years each, if you meet certain requirements.
c. Requirements for franchisee to renew or extend	Section 2.2	You may renew if you: (i) have timely notified us of your election to renew; (ii) have the right to lease the premises for an additional 5 years (or have secured substitute premises); (iii) have completed all maintenance and refurbishing required by us; (iv) are not in default of any agreement between you and us or our parent, affiliate or predecessor and have substantially complied with all agreements during their term; (v) have satisfied all monetary obligations owed to us and/or our parent, affiliate or predecessor; (vi) have executed our then-current form of Franchise Agreement and any associated renewal addendum; (vii) have satisfied our then-current training requirements for new franchisees; (viii) have paid the renewal fee and (ix) have executed a general release of any and all claims against us and our parent, affiliate or predecessor, and their shareholders, officers, directors, agents, employees, attorneys and accountants arising out of or related to the Franchise Agreement or any related agreement. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement but the fees on renewal will not be greater than what is listed in our then-current Franchise Agreement.
d. Termination by franchisee	Section 9.1	Subject to state law, you must give us 90 days' written notice to cure any default within 60 days of the event or circumstances) giving rise to the breach. You must be in material compliance. If we fail to cure any material breach

Provision	Section in Franchise Agreement	Summary
		within the 90 day cure period, you may terminate for that reason by written notice, except if the breach is not susceptible to cure within 90 days, but we take action within 90 days to begin curing the breach and act diligently to complete the corrective action within a reasonable time, we will be deemed to have timely cured the breach.
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with “cause”	Section 9.2.1	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination. See Item 17(g) and (h) for further description.
g. “Cause” defined – curable defaults	Sections 9.2.1	We have the right to terminate the Franchise Agreement, (i) after a 10 day cure period if you fail to timely propose a qualified replacement General Manager (you may only operate during the cure period as long as you maintain adequate supervision of operations during the cure period); (ii) after a 15-day cure period upon your failure to pay any sums owed to us or our parent, affiliate or predecessor; or (ii) after a 30 day cure period upon (a) your failure to pay any sums owed to a third party other than us or our parent, affiliate or predecessor or (b) your failure to comply with any other provision not listed above and not listed in Section (h) below as a non-curable default, except if the breach is not susceptible to cure within the applicable cure period, but you take action within the cure period to begin curing the breach and act diligently to complete the corrective action within a reasonable time, you will be deemed to have timely cured the breach.

Provision	Section in Franchise Agreement	Summary
<p>h. “Cause” defined – defaults which cannot be cured</p>	<p>Section 9.2.2</p>	<p>We may terminate you for cause without opportunity to cure if you or your owners: (i) become insolvent; (ii) have a general assignment for benefit of creditors; (iii) have a petition or proceeding filed under federal bankruptcy laws or are adjudicated bankrupt or insolvent or there is a petition for reorganization; (iv) have levy or writ of attachment or execution or any other lien against you or your assets which is not released or bonded against within 60 days; (v) are dissolved; (vi) have a receiver or other custodian appointed for your business or have a levy against your business property; (vii) sell products or services at an unauthorized location or in an unauthorized forum; (viii) sell unauthorized products or services; (ix) fail to find an acceptable location within time required; (xi) open the Kitchen before receiving written approval; (xii) abandon the Kitchen or lose the right to the Kitchen premises; (xiii) are convicted of a felony or commit another crime that may have an adverse effect on the System or Marks; (xiv) transfer, sell, or assign any interest without our consent; (xv) maintain false books or records; (xvi) fail to comply with in-term covenants or fail to execute required covenants; (xvii) fail to transfer as required upon death or disability; (xviii) commit fraud or make a material misrepresentation or omission in an application for the franchise; (xix) use the Marks or Operations Manual in an unauthorized manner; (xx) commit 3 material events of default in any 12 month period; (xxi) have 3 insufficient fund fees in any 12 month period; (xxii) fail to complete required training; (xxiii) create or allow a threat or danger to the public health or safety in connection with the Franchised Business (xxiv) breach applicable law; or (xxv) fail to obtain or maintain required insurance. In addition, a default under one agreement with us may result in a termination of all of your other agreements with us. This is known as a cross-default provision.</p>

Provision	Section in Franchise Agreement	Summary
i. Franchisee’s obligations on termination/non-renewal	Section 10.1	Obligations include: You must stop operating the Kitchen and using the Proprietary Marks and System and completely de-identify the business; cancel assumed names incorporating the Proprietary Marks; pay all amounts due to us or our parents, affiliates, or vendors; return the Operations Manual and all other proprietary materials and destroy any electronic or digital copies; furnish an itemized list of marketing materials bearing the Proprietary Marks; assign telephone numbers and Internet listings; comply with confidentiality and restrictive covenant requirements; pay liquidated damages (if applicable), and at our option, sell or assign to us your rights in the Kitchen premises and the equipment and fixtures used in the business; sign a general release (subject to state law); permit us to make a final inspection of your financial records, books, and other accounting records.
j. Assignment of contract by Franchisor	Section 8.6	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction.
k. “Transfer” by franchisee – defined	Section 8.3	Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Kitchen or you, including any ownership restructuring of You or of any owners of You.
l. Franchisor approval of transfer by franchisee	Section 8.1	You must obtain our written consent before transferring any interest.
m. Conditions for franchisor approval of transfer	Section 8.3.2	Conditions include: You must pay all amounts due us or our parents, affiliates or vendors; not otherwise be in default of any agreements with us or our affiliates; sign a transfer agreement; sign a general release; provide purchase agreement; and pay a transfer fee. Transferee must meet our criteria, complete training to our satisfaction, renovate as required by us and sign then-current Franchise Agreement, at our option. The proposed transferee must satisfy any licensing requirements, have demonstrated to us that he or she meets our standards, possesses good moral character, business reputation and credit rating, and have the aptitude and adequate financial resources to operate a Kitchen.

Provision	Section in Franchise Agreement	Summary
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 8.3.1	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions if you proposed to transfer any interest in the Franchise Business the Kitchen, you or your owners.
o. Franchisor’s option to purchase franchisee’s business	Section 10.1.7	Upon termination or expiration of the Franchise Agreement, we have the right to purchase certain assets of the Kitchen.
p. Death or disability of franchisee	Section 8.2	Upon your death or disability, your representative must designate an operator who is acceptable to us for your Franchised Business within 60 days and transfer your interest to an approved party within 90 days. This transfer is subject to the same terms and conditions as any other transfer.
q. Non-competition covenants during the term of the franchise	Section 7.4.1	You and your owners (and spouses) are prohibited from operating or having an interest in a competitive culinary entertainment business without our prior written consent or involvement with a company that franchises competitive brands.
r. Non-competition covenants after the franchise is terminated or expires	Section 7.4.2	You and your owners (and spouses) are prohibited for two years from expiration or termination of the franchise from (i) involvement with competitive culinary entertainment business within your Territory; within 20 miles of your Territory or within 20 miles of any Kitchen in the System; (ii) diverting business or customers of the Kitchen to any competitor; (iii) employing former employees of the Franchised Business or of us or our franchisees; or (iv) involvement with a company which grants franchises or licenses for any business competing with us (subject to state law).
s. Modification of the agreement	Section 12.1	The Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with the Operations Manual, as amended from time to time by us.
t. Integration/merger clause	Section 12.1	Only the terms of the Franchise Agreement are binding (subject to applicable federal and/or state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. However, nothing in the Franchise Agreement is intended to disclaim the representations made in the Disclosure Document.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
u. Dispute resolution by arbitration or mediation	Section 12.2	All disputes must be litigated in the then-current county and state where our corporate headquarters is located—currently Queen Anne’s County, Maryland (subject to state law)
v. Choice of forum	Section 12.2	The then-current county and state where our corporate headquarters is located—currently Queen Anne’s County, Maryland (subject to state law)
w. Choice of Law	Section 12.2	Maryland applies (subject to state law)

**THE MULTI-UNIT DEVELOPER RELATIONSHIP**

<b>Provision</b>	<b>Section in Multi-Unit Developer Agreement</b>	<b>Summary</b>
a. Length of the franchise term	4	Until the date you open the last of the Kitchens you are to establish under your Development Schedule or by the end of a set term to complete the Development Schedule, whichever occurs first.
b. Renewal or extension of the term	Not applicable	
c. Requirements for multi-unit developer to renew or extend	Not applicable	
d. Termination by multi-unit developer	Not applicable	The Agreement does not provide for this. But you may seek to terminate as provided under applicable state law.
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	6	We have the right to terminate with cause. Depending upon the reason for termination, we do not have to provide you an opportunity to cure. See this Item 17(g) and (h) for further description.

Provision	Section in Multi-Unit Developer Agreement	Summary
g. “Cause” defined – curable defaults	6	We have the right to terminate the Multi-Unit Developer Agreement with notice for your: (i) failure to pay money to us when due; or (ii) failure to cure any other default that is susceptible of cure, except those listed in Section (h) below, within 30 days after notice.
h. “Cause” defined – non-curable defaults	6	We have the right to terminate the Multi-Unit Developer Agreement without providing you an opportunity to cure if: (i) you or your owners commit any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the goodwill of the Proprietary Marks; (ii) you or your owners are convicted or plea of guilty or nolo contendere of a felony; (iii) you or your owners misrepresent yourselves (including through omission of information) in connection with your application; (iv) you or your owners file for bankruptcy or are adjudicated bankrupt or make a general assignment for the benefit of creditors; (v) insolvency proceedings are commenced against you; (vi) you are the subject of a lien or foreclosure proceedings; (vii) you become insolvent; (viii) you or your owners or their spouses use our confidential information in an un-authorized manner; (ix) you fail to adhere to the Development Schedule; (x) if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed or a receiver is appointed by any court of competent jurisdiction; (xi) if execution is levied against your business or assets; and/or (xii) you or your owners commit an unauthorized transfer; (xiii) you or your owners use the Proprietary Marks or System without our consent; (xiv) you or your owners or spouses breach a restrictive covenant; (xv) failure to comply with applicable laws; (xvi) fail



Provision	Section in Multi-Unit Developer Agreement	Summary
		to obtain our prior written approval or consent, including but not limited to site approval or site plan approval or (xv) a Franchise Agreement with us is terminated according to its terms (this is a cross-default provision).
i. Multi-Unit Developer’s obligations on termination/ non-renewal	6	You must stop selecting sites for Kitchens, and you may not open any more Kitchens.
j. Assignment of contract by franchisor	7	No restriction on our right to assign.
k. “Transfer” by multi-unit developer–defined	7	Includes transfer of any interest in the Multi-Unit Developer Agreement or in Developer or its owners.
l. Franchisor approval of transfer by multi-unit developer	7	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	7	Approval to sell or transfer the Multi-Unit Developer Agreement may be conditioned upon (i) satisfaction of all monetary obligations to us, our parent, affiliate or predecessor, or suppliers; (ii) the timely cure of all existing defaults under any agreement between us; (iii) execution of a transfer agreement and general release (subject to state law); (iv) providing us with a copy of the executed purchase agreement relating to the proposed transfer and (v) the transferee must have paid to us the transfer fee. The proposed transferee must sign guarantee and must have demonstrated to us that he or she meets our standards, possesses good moral character, business reputation and credit rating, has the aptitude and adequate financial resources to fulfill the obligations under the Multi-Unit Developer Agreement. At our option, the transferee may be required to sign our

Provision	Section in Multi-Unit Developer Agreement	Summary
		then current form of Multi-Unit Developer Agreement.
n. Franchisor's right of first refusal to acquire multi-unit developer's business	7	We have the right to match the offer on a transfer of any of the interests in the agreement or any interests in the developer or its owners.
o. Franchisor's option to purchase multi-unit developer's business	Not applicable	
p. Death or disability of multi-unit developer	7	Upon your death or disability, your representative must designate an operator who is acceptable to us to carry out your duties under the Multi-Unit Developer Agreement within 90 days and transfer your interest to an approved party within 120 days. This transfer is subject to the same terms and conditions as any other transfer.
q. Non-competition covenants during the term of the franchise	8	You and your spouse are prohibited from operating or having an interest in a competitive culinary entertainment business without our prior written consent, except for other Kitchens operated by you under Franchise Agreements with us.
r. Non-competition covenants after the franchise is terminated or expires	8	For two years, no operating or having an interest in a competitive culinary entertainment business within your Development Area; within 20 miles of your Development Area or within 20 miles of any Kitchen in the System
s. Modification of the agreement	14	The Multi-Unit Developer Agreement may not be modified unless mutually agreed to in writing by the parties.

Provision	Section in Multi-Unit Developer Agreement	Summary
t. Integration/merger clause	13	The Multi-Unit Developer Agreement is the entire agreement between the parties. Only the terms of the Multi-Unit Developer Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and the Multi-Unit Developer Agreement may not be enforceable. However, nothing in the Multi-Unit Developer Agreement is intended to disclaim the representations made in the Disclosure Document.
u. Dispute resolution by arbitration or mediation	14	All disputes must be litigated in the then-current county and state where our corporate headquarters is located—currently, Queen Anne’s County, Maryland (subject to state law)
v. Choice of forum	14	The then-current county and state where our corporate headquarters is located—currently Queen Anne’s County, Maryland (subject to state law)
w. Choice of law	14	Maryland law applies (subject to state law)

**ITEM 18**  
**PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

**I. Affiliate Owned Kitchen:**

We have one (1) affiliate owned location in New York City, NY that has operated since 2010. In August 2018, a second Kitchen was opened in this same facility deviating from the standard franchise concept of one Kitchen per location. Total Gross Revenues for the NY location from the revenue streams available to franchised locations are shown in the table below. Our NY location does not have a set territory. We also have one (1) affiliate location that operates in Chester, Md. that operates as a testing and training facility and is not substantially similar to the franchised offerings. Due to the non-standard offerings and activities at the Chester, MD location, the data for this location has not been included in the chart below.

<b>Affiliate Location</b>	<b>Gross Revenue 2023</b>
<b>Total</b>	\$2,711,223

**II. Franchised Kitchens 2023:**

We had nine (9) franchised locations operating as of December 31, 2023 that were opened a minimum of 12 months. Eight (8) of the nine (9) franchise locations operate in a Territory that consists of: (i) a population of approximately 100,000 people or a (4) mile radius; and (ii) an average household income of at least \$100,000, which are our current criteria for opening a new location (the “Qualifying Outlets”). Financial performance results were requested from all Qualifying Outlets and all eight (8) locations provided this information to us (the “Reporting Locations”).

A. The table below represents Gross Revenues achieved in 2023 by the Reporting Locations. That data is separated into the top 1/4, top-middle 1/4, bottom-middle 1/4 and bottom 1/4. There were 2 franchises in each 1/4.

<b>2023 Gross Revenue</b>	<b>Average Gross Revenue</b>	<b>Median Revenue</b>	<b>High</b>	<b>Low</b>	<b># At or Above Average</b>	<b>% Of Qualifying Outlets That Met or Exceeded the Average</b>
Top 1/4	\$1,062,813	\$1,062,813	\$1,222,715	\$902,910	1	12.5%
Top-Middle 1/4	\$805,016	\$805,016	\$851,194	\$670,106	1	12.5%
Bottom-Middle 1/4	\$643,911	\$643,911	\$670,106	\$617,716	1	12.5%
Bottom 1/4	\$455,437	\$455,437	\$565,107	\$345,766	1	12.5%

B. The table below represents Gross Revenues achieved in 2023 for the Reporting Locations.

Year	Average Gross Revenue	Median Revenue	High	Low	# At or Above Average	% Of Qualifying Outlets That Met or Exceeded the Average
2023	\$741,794	\$714,472	\$1,222,715	\$345,766	4	50%

C. The table below contains average Net Operating Income (NOI) achieved in 2023 for the Reporting Locations.

Year	Average Net Operating Income (\$)	% of Gross Revenue	Median Revenue	High	Low	# At or Above Average	% Of Qualifying Outlets That Met or Exceeded the Average
2023	\$228,766	31%	\$203,769	\$392,624	\$55,358	3	37.5%

D. The table below contains certain financial performance numbers achieved during 2023 by the Reporting Locations.

	2023 Average (Annual)	% of Gross Income	Median	High	Low	# at or above average	% Of Qualifying Outlets That Met or Exceeded the Average
<b>Income</b>							
Gross Revenue	\$741,794		\$714,472	\$1,222,715	\$345,766	4	50%
<b>COGS</b>							
Food & Event Supplies	\$58,266	8%	\$60,315	\$85,459	\$29,429	4	50%

	<b>2023 Average (Annual)</b>	<b>% of Gross Income</b>	<b>Median</b>	<b>High</b>	<b>Low</b>	<b># at or above average</b>	<b>% Of Qualifying Outlets That Met or Exceeded the Average</b>
<b>Operating Expenses</b>							
Labor	\$227,976	31%	\$250,618	\$389,158	\$93,826	5	63%
Rent	\$67,304	9%	\$58,697	\$121,414	\$46,773	3	37.5%
Maintenance and Repairs	\$5,506	1%	\$4,957	\$14,623	-\$4,053	3	37.5%
Utilities	\$14,687	2%	\$10,866	\$46,919	\$5,281	1	12.5%
Royalty	\$66,173	9%	\$64,031	\$106,377	\$30,989	4	50%
Advertising	\$21,653	3%	\$21,356	\$28,138	\$15,437	1	12.5%
Brand Fund	\$5,943	1%	\$6,718	\$11,899	\$2,352	4	50%
GL Insurance	\$4,851	1%	\$4,390	\$9,031	\$1,555	3	37.5%
Credit Card Processing	\$15,248	2%	\$14,768	\$19,310	\$7,398	4	50%
Office Expenses	\$7,609	1%	\$6,551	\$16,000	\$3,631	4	50%
Other Expenses	\$12,733	2%	\$10,314	\$32,013	\$3,010	2	25%
<b>Net Operating Income</b>	<b>\$228,766</b>	<b>31%</b>	<b>\$203,769</b>	<b>\$392,624</b>	<b>\$55,358</b>	3	37.5%

E. The below table contains the 2023 Gross Revenue per event for the Reporting Locations.

<b>Year</b>	<b>Average Gross Revenue</b>	<b>Median Revenue</b>	<b>High</b>	<b>Low</b>	<b># At or Above Average</b>	<b>% Of Qualifying Outlets That Met or Exceeded the Average</b>
2023	\$1,044	\$1,028	\$1,493	\$717	4	50%

F. The table below contains 2023 event and attendance data from all Reporting Locations.

	Average	Median	High	Low	# at or above average	% Of Representative Franchisees that Met or Exceeded the Average
Events per Week	13	13	17	9	5	63%
Clients per Event	15	15	17	11	6	75%

G. The below table contains 2023 sales by category data from all Reporting Locations.

Event Type	% of Gross Revenue
Adult Classes	16%
Adult Private Events	19%
Kids Camps	23%
Kids Birthdays	21%
Kids Classes	8%
Kids Semesters	4%
Gift Cards/Products	8%

### III. Franchised Locations 2023 vs 2024

The table below represents Gross Revenue achieved in January 2023 -February 2023 and January 2024 to February 2024 for all Reporting Locations.

Year Over Year	Average Gross Revenue	Median Revenue	High	Low	# At or Above Average	% Of Qualifying Outlets That Met or Exceeded the Average
January 2023 – February 2023	\$132,516	\$123,600	\$227,383	\$57,957	3	37.5%
January 2024 – February 2024	\$166,461	\$146,161	\$408,450	\$46,403	2	25%
Percentage Change	+26%	+18%	+80%	-20%	N/A	N/A

#### **IV. Notes:**

1. These results are unaudited.
2. Gross Revenue - means all revenue generated at, from or in connection with the operation of a Kitchen, including from sales of all products and services conducted at, from or with respect to the designated location. Gross Revenue does not include the sale of products or services for which refunds have been made in good faith to customers or discounts. Gift cards are included in Gross Revenue when the gift card is sold.
3. Cost of Sales (Cost of Goods Sold) - is an amount that reflects the direct cost to deliver services to customers. It is the total of Food & Event Supplies.
4. Food & Event Supplies - includes all ingredients and food purchases for events plus paper goods and other temporary event supplies. The average Kitchen spent \$3.79 per client on food costs for each event.
5. Expenses - include the combination of Labor, Rent, Maintenance & Repairs, Utilities, Royalty, Advertising, Brand Fund, General Liability Insurance, Credit Card Process, Office Expense and Other Expenses.
6. Labor - includes wages, taxes, profit share and other employee expenses paid to employees. This includes admin and management labor. Health benefits and retirement costs, if offered, are not included.
7. Rent - includes the location base rent, extra lease charges, such as common area maintenance (CAM) charges, real estate taxes, deferred rent, and related real estate charges. The average monthly rent was \$5,609.
8. Maintenance & Repairs - includes repair and maintenance expenses including knife sharpening, appliance repairs.
9. Utilities - the cost for utilities including gas and electric, internet, telephone and water.
10. Royalty - the cost paid to us for the license granted under the Franchise Agreement.
11. Advertising- includes the cost to advertise a Kitchen.
12. Brand Fund - the cost paid to us towards the Brand Development Fund.



13. GL Insurance - the cost paid to insurance carriers for general liability insurance premium
14. Credit Card Processing - the cost to accept credit card payments through our booking system.
15. Office Expenses - include miscellaneous office related expenses .
16. Other Expenses - include but are not limited to bank service charges, employee relations, smallwares, uniforms, licenses, permits, professional fees and other additional expenses. Discretionary non-essential business expenses have been removed from operating expenses where relevant including but not limited to healthcare insurance, retirement contributions & automobile expenses. This is to provide consistent data for comparison between Kitchens who offer these optional expenses and those who do not.
17. Net Operating Income (NOI) - Gross Profit minus Expenses. This does not include taxes or depreciation. This does not include expenses related to an owner's compensation, interest costs or debt service.
18. The above results do not include any expenses related to owner compensation, interest costs/debt service or discretionary employee health insurance/retirement benefits.

**V. General Notes:**

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

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

Other than the preceding financial performance representation, Taste Buds Kitchen International LLC does 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 Jeff Brelsford at 800-D Abruzzi Drive, Chester, MD 21619 and (410) 929-2311, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**  
**Systemwide Outlet Summary**  
**For years 2021, 2022, 2023\*\***

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	9	9	0
	2022	9	9	0
	2023	9	10	+1
Company-Owned*	2021	2	2	0
	2022	2	2	0
	2023	2	2	0
Total Outlets	2021	11	11	0
	2022	11	11	0
	2023	11	12	+1

\*The company-owned outlets reflected in the above chart is owned and operated by our affiliate.

\*\*Numbers are as of November 30, which is our fiscal year end.

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For years 2021, 2022, 2023\*\***

State	Year	Number of Transfers
None	2021	0
	2022	0
	2023	0
<b>Total</b>	2021	0
	2022	0
	2023	0

\*\*Numbers are as of November 30, which is our fiscal year end.

**Table No. 3**  
**Status of Franchised Outlets**  
**For years 2021, 2022, 2023\*\***

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Terminations</b>	<b>Non-Renewals</b>	<b>Reacquired by Franchisor</b>	<b>Ceased Operations – Other Reasons</b>	<b>Outlets at End of the Year</b>
CA	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
FL	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
IL	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
KS	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
MA	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
MO	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
PA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
RI	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<b>TOTAL*</b>	<b>2021</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>
	<b>2022</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>
	<b>2023</b>	<b>9</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>

\*If multiple events occurred affecting an outlet, this table reflects the event that occurred last in time. States not listed had no franchise activity to report.

\*\*Numbers are as of November 30, which is our fiscal year end.

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**Table No. 4**  
**Status of Company-Owned Outlets**  
**For years 2021, 2022, 2023\*\***

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
New York	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	
Maryland	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	
<b>Total*</b>	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	

\*The NY and MD outlets in the above chart are owned and operated by our affiliate.

\*\*Numbers are as of November 30, which is our fiscal year end.

**Table No. 5**  
**Projected Openings as of November 30, 2023**

States	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
All States	0	0	0
<b>Total</b>	0	0	0

Attached as Exhibit D to this Disclosure Document is a list of all franchisees, including their address and telephone number (or their contact information if their Franchised Business is not yet open) as of the issuance date of this Disclosure Document. As of the close of our last fiscal year we had not entered into any Multi-Unit Developer Agreements.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or multi-unit developer who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance

date of this disclosure document will be listed on Exhibit E to this disclosure document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

In some instances, current and former franchisees sign provision restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

The following independent franchisee organization has asked to be included in this disclosure document:

Independent Association of Culinary Entertainers, Inc.  
President - Laurel Holmes (laurel@tastebudskitchen.com, 978-655-1790)  
Vice-President - Amanda Marijanovic (amanda@tastebudskitchen.com, 847-230-0330)  
Treasurer - Belinda Yamashiro (yamashiobelinda@gmail.com, 408-505-7800)  
Secretary - Ann Wiard (ann.wiard@tastebudskitchen.com, 401-885-0535)

## **ITEM 21** **FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit A is our audited financial information as of November 30, 2021, November 30, 2022 and November 30, 2023.

Our fiscal year end is November 30<sup>th</sup>.

## **ITEM 22** **CONTRACTS**

Attached as Exhibits to this Disclosure Document are the following contracts and their attachments:

1. Franchise Agreement (Exhibit B)
  - 1 Search Area, Approved Location and Territory
  - 2 Statement of Ownership Interests
  - 3 Personal Guaranty
  - 4 Collateral Assignment of Lease
  - 5 Confidentiality and Non-Disclosure Agreement
  - 6 General Form of Release
  - 7 Franchisee Disclosure Acknowledgment Statement
  - 8 Consent to Transfer
  - 9 Assignment and Assumption Agreement
  - 10 Telephone, Internet Websites and Listing Agreement
  - 11 Electronic Transfer Agreement.
  
2. Franchisee Disclosure Acknowledgement Statement
  
3. Multi-Unit Developer Agreement (Exhibit C)
  - 1 Development Area
  - 2 Statement of Ownership Interest and Certification
  - 3 Development Schedule and Development Fee \
  4. Personal Guaranty
  5. Confidentiality Agreement
  6. Assignment and Assumption Agreement

4. Multi-State Addendum

(Exhibit G)

**ITEM 23**  
**RECEIPTS**

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

# **Exhibit A**

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## **FINANCIAL STATEMENTS**

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**Taste Buds Kitchen  
International, LLC**



**TASTE BUDS KITCHEN INTERNATIONAL LLC  
FINANCIAL STATEMENTS  
NOVEMBER 30, 2023**

**TASTE BUDS KITCHEN INTERNATIONAL LLC**  
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# MUHAMMAD ZUBAIRY, CPA PC

Certified Public Accountant

646.327.7013

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Taste Buds Kitchen International, LLC

### Opinion

We have audited the financial statements of Taste Buds Kitchen International, LLC (the "Company") which comprise the balance sheets as of November 30, 2023, and 2022, and the related statement of operations and changes in members' equity (deficit), and cash flows for the year ended November 30, 2023, and 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Taste Buds Kitchen International, LLC as of November 30, 2023, and 2022, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt Taste Buds Kitchen International, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.


Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Taste Buds Kitchen International, LLC's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Taste Buds Kitchen International, LLC's ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in blue ink, appearing to read "Muhammad", with a horizontal line underneath.

Muhammad Zubairy, CPA PC  
Westbury, NY  
February 29, 2024

**TASTE BUDS KITCHEN INTERNATIONAL LLC  
BALANCE SHEETS**

	<u>ASSETS</u>	
	<u>YEARS ENDED NOVEMBER 30</u>	
	<u>2023</u>	<u>2022</u>
<b>Current Assets</b>		
Cash	\$ 438,783	\$ 104,050
Royalties receivable	17,712	15,269
Reimbursement receivables	—	2,557
<b>Total Current Assets</b>	<u>456,495</u>	<u>121,876</u>
<b>Fixed Assets, net</b>	<u>58,751</u>	<u>92,762</u>
<b>Total Assets</b>	<u><u>\$ 515,246</u></u>	<u><u>\$ 214,638</u></u>

**LIABILITIES AND MEMBERS' EQUITY (DEFICIT)**

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 32,330	\$ 2,585
Credit Card Payable	18,177	12,451
Gift cards payable	9,936	12,777
Marketing fund liability	14,829	9,084
Contract Liability, current	<u>36,750</u>	<u>36,750</u>
	112,022	73,647
<b>Contract Liability, net of current</b>	133,438	170,188
<b>Members' Equity (Deficit)</b>	<u>269,786</u>	<u>(29,197)</u>
<b>Total Liabilities and Members' Equity (Deficit)</b>	<u><u>\$ 515,246</u></u>	<u><u>\$ 214,638</u></u>
	\$ -	

See notes to financial statements

**TASTE BUDS KITCHEN INTERNATIONAL LLC**  
**STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY (DEFICIT)**

	<b>YEARS ENDED NOVEMBER 30</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
Franchise fees	\$ 68,312	\$ 43,000
Royalties	473,791	457,279
Marketing fees	6,500	5,055
Events, net	—	33,044
Other revenue	30,791	25,196
<b>Total Revenue</b>	<b>579,394</b>	<b>563,574</b>
Cost of Goods Sold Events	243	26,459
Operating Expenses	372,096	194,457
<b>Total Operating Expenses Net</b>	<b>372,339</b>	<b>220,916</b>
<b>Income</b>	<b>207,055</b>	<b>342,658</b>
<b>Members' Equity (Deficit) - Beginning</b>	<b>(29,197)</b>	<b>(28,398)</b>
<b>Members' contributions (Distributions)</b>	<b>91,928</b>	<b>(343,457)</b>
<b>Members' Equity (Deficit) - Ending</b>	<b>\$ 269,786</b>	<b>\$ (29,197)</b>

See notes to financial statements

**TASTE BUDS KITCHEN INTERNATIONAL LLC**  
**STATEMENT OF CASH FLOWS**

	<b>YEARS ENDED NOVEMBER 30</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash Flow from Operating Activities</b>		
<b>Net income</b>	\$ 207,055	\$ 342,658
<b>Depreciation</b>	34,011	24,544
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
<b>Changes in assets and liabilities</b>		
Royalties receivable	(2,443)	(9,243)
Reimbursement Receivables	2,557	(2,557)
Accounts payable and accrued expenses	29,745	(259)
Credit Card Payables	5,726	12,451
Contract Liability	(36,750)	2,000
Gift cards payable	(2,841)	2,471
Deferred event revenue	—	(1,314)
Marketing fund liability	5,745	2,308
	<u>242,805</u>	<u>373,058</u>
<b>Cash Used In Financing Activities</b>		
<b>Members' contributions (distributions)</b>	<u>91,928</u>	<u>(343,457)</u>
<b>Net Increase (Decrease) In Cash</b>	<b>334,733</b>	<b>29,602</b>
<b>Cash - Beginning</b>	<u>104,050</u>	<u>74,448</u>
<b>Cash - Ending</b>	<u><u>\$ 438,783</u></u>	<u><u>\$ 104,050</u></u>

See notes to financial statements

## TASTE BUDS KITCHEN INTERNATIONAL LLC

### NOTES TO FINANCIAL STATEMENTS

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#### 1. THE COMPANY

Taste Buds Kitchen International LLC (“the Company”) is a Maryland limited liability company that was formed in December 2013 to offer franchises for the operation of a culinary entertainment and educational experience for kids and families.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Franchise Arrangements**-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a Taste Buds Kitchen International LLC using the Company's system for a specified number of years. As of November 30, 2023, and 2022 there were ten and nine franchises, respectively.

**Concentration of Credit Risk**-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of \$ 250,000 by \$188,783. The Company maintains its cash and cash equivalents with accredited financial institutions.

**Use of Estimates**-The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

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

#### 3. REVENUE RECOGNITION

The Company records revenue in accordance with the May 2014 guidance issued by the Financial Accounting Standards Board (“FASB”) and Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The company adopted ASC-606 and ASU 2021-02 using the modified retrospective method starting with December 1, 2019. The transaction price attributable to performance obligations are recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation is amortized over the life of the related franchise agreement.



**TASTE BUDS KITCHEN INTERNATIONAL LLC**  
**NOTES TO FINANCIAL STATEMENTS**

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**4. CONTRACT LIABILITY**

In compliance with the Financial Accounting Standards Board (“FASB”) new accounting standards for revenue recognition (“Topic 606”), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of November 30, 2023, and 2022, were \$170,188 and \$206,938, respectively.

**5. OTHER CONTRACTUAL REVENUE CONSIDERATIONS**

The franchise agreements contain variable considerations in the form of royalty and either fixed or variable considerations for technology and brand fund contribution fees. These fees are based either on franchisee monthly sales subject to minimum fees or based on fixed monthly payment amounts and are recorded as revenue and recognized as these services are delivered. Any unused brand fund contributions are recorded on the balance sheet as marketing funds liability. The marketing fund liability as of November 30, 2023, and 2022 was \$14,829 and \$9,084 respectively.

**6. EVENTS REVENUE**

The Company uses its kitchen located at its franchise corporate office in Chester, MD to host events and to sell prepared “kits” for online events. Sales for the years ending November 30, 2023, and 2022, were \$0 and \$33,044, respectively. Direct costs for the years ending November 30, 2023, and 2022, were \$26,459 and \$32,375, respectively. Event sales, net of direct costs, as reported on the profit and loss for the years ending November 30, 2023, and 2022, were \$243 and \$6,585, respectively.

**7. GIFT CARD PAYABLE**

The Company agreed to honor any outstanding gift cards on behalf of a former franchisee. The agreement with the former franchisee limits the Company’s liability to the amount paid by the former franchisee to the franchisor. Should claims result in the decrease of the advanced gift card balance at the franchisor to below \$5,000 the former franchisee will be required to deposit additional funds into an escrow account. The franchisor is being paid \$3,000 as administrative expenses. Any unpaid funds as of March 1, 2026, will be returned to the former franchisee. All amounts are deemed as short term since gift card claims tend to decrease over time. The balance of unpaid gift card for which the Company is responsible as of November 30, 2023, was \$9,936.

**8. SUBSEQUENT EVENTS**

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events were evaluated through February 23, 2024, the date at which the financial statements were issued.

**TASTE BUDS KITCHEN INTERNATIONAL LLC  
FINANCIAL STATEMENTS  
NOVEMBER 30, 2022**

**TASTE BUDS KITCHEN INTERNATIONAL LLC  
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MONIS J. SIDDIQUI, CPA P.C.  
Certified Public Accountant  
917.309.5670

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Taste Buds Kitchen International, LLC

### Opinion

We have audited the financial statements of Taste Buds Kitchen International, LLC (the "Company") which comprise the balance sheets as of November 30, 2022, and 2021, and the related statement of operations and changes in members' equity (deficit), and cash flows for the year ended November 30, 2022, and 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Taste Buds Kitchen International, LLC as of November 30, 2022, and 2021, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt Taste Buds Kitchen International, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Taste Buds Kitchen International, LLC's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Taste Buds Kitchen International, LLC's ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in blue ink that reads "Monis Siddiqui, CPA P.C." The signature is written in a cursive style.

Monis Siddiqui, CPA P.C.  
Bellerose, NY  
February 24, 2023

**TASTE BUDS KITCHEN INTERNATIONAL LLC  
BALANCE SHEETS**

	<u>ASSETS</u>	
	<u>NOVEMBER 30</u>	
	<u>2022</u>	<u>2021</u>
<b>Current Assets</b>		
Cash	\$ 104,050	\$ 74,448
Royalties receivable	15,269	6,026
Reimbursement receivables	2,557	-
<b>Total Current Assets</b>	<u>121,876</u>	<u>80,474</u>
<b>Fixed Assets, net</b>	<u>92,762</u>	<u>117,306</u>
<b>Total Assets</b>	<u><u>\$ 214,638</u></u>	<u><u>\$ 197,780</u></u>

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 2,585	\$ 2,844
Credit Card Payable	12,451	-
Gift cards payable	12,777	10,306
Marketing fund liability	9,084	6,776
Deferred event revenue	-	1,314
Deferred franchise fees, current	36,750	33,000
	<u>73,647</u>	<u>54,240</u>
<b>Deferred franchise fees, net of current</b>	170,188	171,938
<b>Members' Equity (Deficit)</b>	<u>(29,197)</u>	<u>(28,398)</u>
<b>Total Liabilities and Members' Equity (Deficit)</b>	<u><u>\$ 214,638</u></u>	<u><u>\$ 197,780</u></u>

See notes to financial statements

**TASTE BUDS KITCHEN INTERNATIONAL LLC**  
**STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY (DEFICIT)**

	<b>NOVEMBER 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Revenue</b>		
Franchise fees	\$ 43,000	\$ 78,000
Royalties	457,279	280,450
Marketing fees	5,055	30,833
Events, net	33,044	100,495
Other revenue	25,196	23,532
<b>Total Revenue</b>	<b>563,574</b>	<b>513,310</b>
Cost of Goods Sold Events	26,459	32,375
Operating Expenses	194,457	228,994
<b>Total Operating Expenses</b>	<b>220,916</b>	<b>261,369</b>
<b>Income from Operations</b>	<b>342,658</b>	<b>251,941</b>
<b>Grant Income</b>	<b>-</b>	<b>44,225</b>
<b>Net Income</b>	<b>342,658</b>	<b>296,166</b>
<b>Members' Equity - Beginning</b>	<b>(28,398)</b>	<b>42,275</b>
<b>Members' (Distributions)</b>	<b>(343,457)</b>	<b>(366,839)</b>
<b>Members' Equity (Deficit) - Ending</b>	<b>\$ (29,197)</b>	<b>\$ (28,398)</b>

See notes to financial statements

**TASTE BUDS KITCHEN INTERNATIONAL LLC**  
**STATEMENT OF CASH FLOWS**

	<b>NOVEMBER 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash Flow from Operating Activities</b>		
Net income	\$ 342,658	\$ 296,166
Depreciation	24,544	24,544
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in assets and liabilities		
Royalties receivable	(9,243)	(4,469)
Reimbursement Receivables	(2,557)	-
Accounts payable and accrued expenses	(259)	(20,508)
Credit Card Payables	12,451	-
Deferred franchise fees	2,000	(33,000)
Gift cards payable	2,471	10,306
Deferred event revenue	(1,314)	1,314
Marketing fund liability	2,308	(11,995)
	<u>373,058</u>	<u>262,358</u>
 <b>Cash Used In Financing Activities</b>		
PPP forgiveness	-	(21,863)
Members' distributions	(343,457)	(366,839)
		<u>(388,702)</u>
 <b>Net Increase (Decrease) In Cash</b>	 29,602	 (126,344)
 <b>Cash - Beginning</b>	 <u>74,448</u>	 <u>200,792</u>
 <b>Cash - Ending</b>	 <u><u>\$ 104,050</u></u>	 <u><u>\$ 74,448</u></u>

See notes to financial statements



## TASTE BUDS KITCHEN INTERNATIONAL LLC

### NOTES TO FINANCIAL STATEMENTS

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#### 1. THE COMPANY

Taste Buds Kitchen International LLC (“the Company”) is a Maryland limited liability company that was formed in December 2013 to offer franchises for the operation of a culinary entertainment and educational experience for kids and families.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Franchise Arrangements**-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a Taste Buds Kitchen International LLC using the Company's system for a specified number of years. As of November 30, 2022, and 2021 there were eleven operating franchises.

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

**Use of Estimates**-The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

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

#### 3. REVENUE RECOGNITION

The Company records revenue in accordance with the May 2014 guidance issued by the Financial Accounting Standards Board (“FASB”) and Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The company adopted ASC-606 and ASU 2021-02 using the modified retrospective method starting with December 1, 2019. The transaction price attributable to performance obligations are recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation is amortized over the life of the related franchise agreement.

**TASTE BUDS KITCHEN INTERNATIONAL LLC**  
**NOTES TO FINANCIAL STATEMENTS**

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Deferred Franchise Fees

In compliance with the Financial Accounting Standards Board (“FASB”) new accounting standards for revenue recognition (“Topic 606”), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of November 30, 2022, and 2021, were \$206,938 and \$204,938, respectively.

Other Contractual Revenue Considerations

The franchise agreements contain variable considerations in the form of royalty and either fixed or variable considerations for technology and brand fund contribution fees. These fees are based either on franchisee monthly sales subject to minimum fees or based on fixed monthly payment amounts and are recorded as revenue and recognized as these services are delivered. Any unused brand fund contributions are recorded on the balance sheet as marketing funds liability. The marketing fund liability as of November 30, 2022, and 2021 was \$9,084 and \$ 6,776 respectively.

Events Revenue

The Company uses its kitchen located at its franchise corporate office in Chester, MD to host events and to sell prepared “kits” for online events. Sales for the years ending November 30, 2022, and 2021, were \$33,044 and \$100,495, respectively. Direct costs for the years ending November 30, 2022, and 2021, were \$26,459 and \$32,375, respectively. Event sales, net of direct costs, as reported on the profit and loss for the years ending November 30, 2022, and 2021, were \$6,585 and \$68,120, respectively.

**4. GIFT CARD PAYABLE**

The Company agreed to honor any outstanding gift cards on behalf of a former franchisee. The agreement with the former franchisee limits the Company’s liability to the amount paid by the former franchisee to the franchisor. Should claims result in the decrease of the advanced gift card balance at the franchisor to below \$5,000 the former franchisee will be required to deposit additional funds into an escrow account. The franchisor is being paid \$3,000 as administrative expenses. Any unpaid funds as of March 1, 2026, will be returned to the former franchisee. All amounts are deemed as short term since gift card claims tend to decrease over time. The balance of unpaid gift card for which the Company is responsible as of November 30, 2022, was \$12,777.

**5. SUBSEQUENT EVENTS**

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events were evaluated through February 23, 2023, the date at which the financial statements were issued.

# **Exhibit B**

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## **FRANCHISE AGREEMENT**

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**Taste Buds Kitchen  
International, LLC**

**TASTE BUDS KITCHEN INTERNATIONAL, LLC  
FRANCHISE AGREEMENT**



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## TASTE BUDS KITCHEN INTERNATIONAL, LLC

### FRANCHISE AGREEMENT

This agreement (the “Agreement”) is made and entered into by and between Taste Buds Kitchen International LLC, a Maryland limited liability company having its principal place of business at 800-D Abruzzi Drive, Chester, MD 21619 (“Franchisor”) and \_\_\_\_\_ with a principal address at \_\_\_\_\_ (“Franchisee”) on the date this Agreement is executed by Franchisor below (the “Effective Date”).

#### BACKGROUND

**A.** Franchisor and/or its equity owners, parent, predecessor or affiliate, through the expenditure of considerable money, time and effort, have developed a system (the "Taste Buds System" or "System") for the establishment, development and operation of Taste Buds Kitchens (each a “Taste Buds kitchen”). The System includes Franchisor’s proprietary marks, recognized designs, decor and color schemes, trade dress, distinctive specifications for fixtures, IT platforms, equipment, and designs; know-how, and trade secrets; procurement of clients, sales techniques, and merchandising, marketing, advertising, record keeping and business management systems; quality control procedures; recipes and food preparation techniques; and procedures for operation and management of a Taste Buds kitchen pursuant to the Confidential Operations Manual provided by Franchisor and modified from time to time and other standards and specifications Franchisor otherwise provides.

**B.** The Taste Buds System is identified by various trade names, trademarks and service marks used by Franchisor and its franchisees including, without limitation, the trademark “Taste Buds Kitchen” and other identifying marks and symbols that Franchisor uses now or may later use as part of the Taste Buds System (the "Proprietary Marks"). The rights to all the Proprietary Marks shall be owned exclusively by Franchisor, its equity owners, parent, predecessor or its affiliate. Franchisor intends to further develop and use the Proprietary Marks to identify to the public Franchisor’s standards of quality and the services marketed under the Proprietary Marks.

**C.** Franchisor is engaged in the business of granting franchises to qualified individuals and business entities to use the System to operate a Taste Buds kitchen.

**D.** Franchisee has applied to Franchisor for a franchise to operate a Taste Buds kitchen using the System and Proprietary Marks and to receive the training, confidential information and other assistance Franchisor provides. Franchisor has approved Franchisee’s application in reliance upon all of the representations made in the application.

**E.** By executing this Agreement, Franchisee acknowledges the importance of Franchisor’s quality and service standards and agrees to operate Franchisee’s business in accordance with those standards. Franchisee also acknowledges that adhering to the terms of this Agreement and implementing the System as Franchisor directs are essential to the operation of Franchisee’s business, to the System, and to all Franchisor’s franchisees.

In consideration of the mutual promises and commitments contained in this Agreement, together with other valuable consideration, the receipt and sufficiency of which is acknowledged, Franchisor and Franchisee agree as follows:



## 1. GRANT OF FRANCHISE

1.1. **Grant and Acceptance.** Franchisor grants to Franchisee, and Franchisee accepts, all subject to the terms of this Agreement, a franchise to establish and operate one Taste Buds kitchen using the Taste Buds System and the Proprietary Marks pursuant to this Agreement (the “Franchised Business”). Franchisee shall use the Proprietary Marks, participate in the promotional, advertising and educational programs that are made available to Franchisee, and have access to certain proprietary trade secrets, marketing expertise and business expertise of Franchisor, as they may be modified from time to time, in connection with the Franchised Business.

1.2. **Territory.** Franchisee shall establish and operate the Franchised Business within the Territory identified in Exhibit 1 to this Agreement (the “Territory”). Provided Franchisee complies with the terms of this Agreement, Franchisor shall not own, operate, franchise or license any other Taste Buds kitchens within the Territory, except Franchisor reserves the right to do so in other channels of distribution and at Special Sites as described in Section 1.3. Although no other traditional Taste Buds kitchens will be physically located within Franchisee’s Territory, Franchisee’s Territory may overlap with those of other franchisees or affiliate-owned locations. Franchisor and/or Franchisor’s affiliates, retain all other rights, including without limitation, the unrestricted rights (i) in connection with a merger or acquisition, to own, operate, franchise or license, both within and outside the Territory, businesses operating under names other than the Proprietary Marks regardless of whether or not these other concepts offer products and services which are similar to or compete with those offered by the Franchised Business and regardless of location, and the right to convert those locations to Taste Buds kitchens, (ii) the right to be acquired by (or merge or become affiliated with) any other business operating under names other than the Proprietary Marks, including a competing business with locations anywhere which may result in the required conversion of a Franchised Business; (iii) to distribute products and services as described in Section 1.3, both within and outside the Territory; (iv) to use, and to license others to use, the System for the operation and licensing of other Taste Buds kitchens at any locations outside of the Territory; and (v) the right to own, operate, franchise or license, both within and outside the Territory, kitchens, cafes and food distributors or retailers or any other business operating under names other than the Proprietary Marks, regardless of whether or not these other concepts offer products and services which are similar to or competitive with those offered by the Franchised Business. Franchisee is not permitted to conduct any off-site services without Franchisor’s prior written consent.

1.3. **Special Sites and Other Channels of Distribution.** Subject to the restrictions in Section 1.2, Franchisor and Franchisor’s, parent, predecessor and affiliate, reserve the unrestricted right to offer products and services (which may include, but are not limited to, branded and non-branded products, books, food, classes and videos), whether now existing or developed in the future, identified by the Proprietary Marks or other marks Franchisor and/or Franchisor’s parent, predecessor and/or affiliate, own or license, through any distribution method they may establish other than a traditional Taste Buds Kitchen location, and may franchise or license others to do so, both within and outside the Territory, regardless of whether the offering of products or services in the other channels of distribution compete with the Franchised Business. Such other channels of distribution include, but are not limited to, sales of products or services via retail establishments, mail order, catalog, via the internet, or any similar outlets or distribution methods. Additionally, Franchisor reserves the right to establish and operate a Taste Buds kitchen and/or offer products and services at “Special Site”, whether now existing or developed in the future, both within and outside the Territory (which Special Sites include but are not limited to: club stores, specialty stores, grocery stores, supermarkets, catering services, special events centers, parks, stadiums, arenas, museums, art centers, military bases, airports, other public transportation facilities, government offices or institutions,

department stores, health care facilities and other institutional food service facilities, hotels and motels, toll road or highway rest stops, colleges, universities, food concession stands, theaters, theme parks, amusement centers, truck stops, beaches, boardwalks and casinos, temporary events, and retail kitchen locations being sublet under a lease to a master concessionaire. This Agreement does not grant Franchisee any rights to distribute products through other channels of distribution or at Special Sites as described in this Section 1.3, and Franchisee has no right to share, nor does Franchisee expect to share, in any of the proceeds Franchisor and/or Franchisor's parent, predecessor, affiliate, or other franchisees or licensees or any other party receives in connection with the alternate channels of distribution or Special Sites. Franchisor and/or its affiliates will fulfill all orders placed through the retail portion of the Website (including virtual event hosting), and Franchisee will not be entitled to any portion of the profits received from this, even if the customer's order is generated from or delivered in Franchisee's Territory, unless Franchisor determines otherwise, in its sole discretion. Franchisee may not engage in the wholesale or distribution of any product.

## 2. TERM AND RENEWAL

2.1. **Term.** This Agreement grants rights to Franchisee for a period of 10 years and is effective when signed by Franchisor.

2.2. **Renewal.** Franchisee will have the right to renew this Agreement, for two periods of 5 years each, if the following conditions have been met:

2.2.1. Franchisee has given Franchisor written notice of its election to renew the franchise not less than 6 months nor more than 13 months prior to the expiration of the current term;

2.2.2. Franchisee owns or has the right under a lease to occupy the premises of the Franchised Business for an additional 5 years and has presented evidence to Franchisor that Franchisee has the right to remain in possession of the premises of the Franchised Business for the duration of the renewal term; or, in the event Franchisee is unable to maintain possession of the premises of the Franchised Business, Franchisee has secured substitute premises approved by Franchisor by the expiration date of this Agreement, and the terms of any such lease are acceptable to Franchisor;

2.2.3. Franchisee has completed, no later than 30 days prior to the expiration of the then-current term and to Franchisor's satisfaction, all maintenance, refurbishing, renovating and remodeling of the premises of the Franchised Business and all of the equipment, fixtures, furnishings, interior and exterior signs as Franchisor shall require so that the premises reflect the then-current image of a Taste Buds kitchen.

2.2.4. Franchisee is not in default of any provision of this Agreement or any other related agreement between Franchisee and Franchisor or its parent, predecessor and/or affiliate, either at the time Franchisee gives notice of its intent to renew or at any time after through the last day of the then current term, and Franchisee has substantially complied with all of these agreements during their respective terms;

2.2.5. Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor and/or its parent, predecessor and affiliate or otherwise pursuant to the Franchise Agreement;

2.2.6. Franchisee has executed, at the time of such renewal, Franchisor's then-current form of franchise agreement and renewal addendum, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, higher royalty and advertising fees. The renewal franchise agreement, when executed, shall supersede this Agreement in all respects;

2.2.7. Franchisee, at its expense, has satisfied Franchisor's then-current training requirements for new franchisees as of the date of the renewal;

2.2.8. Franchisee has paid a renewal fee to Franchisor equal to \$10,000; and

2.2.9. Franchisee has executed a release of any and all claims against Franchisor and its parent, predecessor and affiliate, and their shareholders, members, officers, directors, agents, employees, attorneys and accountants arising out of or related to this Agreement or any related agreement. The release shall contain language and be of the form chosen by Franchisor, except the release shall not release any liability specifically provided for by any applicable state statute regulating franchising. Franchisor's current form of release is attached to the Franchise Agreement as Exhibit 6.

2.2.10. As part of the process of renewing this Agreement, Franchisor reserves the right to re-evaluate the then-existing Territory according to certain demographics and Franchisor's then-current standards. A re-evaluation of the Territory may result in the renewal Territory being smaller or larger than the original Territory.

### 3. LOCATION

3.1. **Approved Location.** Franchisee is granted a non-exclusive franchise, which permits the operation of a single Taste Buds kitchen within the Territory at the location identified in Exhibit 1 to this Agreement or a location subsequently agreed upon in writing by Franchisor and Franchisee (the "Approved Location"). If the Approved Location is not identified in Exhibit 1 when the parties execute this Agreement, Franchisee shall find a location and submit it to Franchisor for approval as required in Section 3.2. Franchisee shall not operate another business at the Approved Location nor rent the Approved Location to others. All events held at the Approved Location must be affiliated with the Franchised Business. Franchisee is unrestricted as to the geographic area from which it may obtain business as a System franchisee; however, Franchisee may not make any sales from a location, other than the Approved Location, without the Franchisor's prior written permission nor may Franchisee directly solicit business from outside the Territory. Franchisee shall not conduct any mail order, catalog or Internet business without the express approval of the Franchisor.

3.2. **Site Search; Purchase or Lease of Premises.** If the Approved Location is not identified on Exhibit 1 when this Agreement is executed, then Franchisee is responsible for locating a site within the geographic site selection area described on Exhibit 1 (the "Search Area"). The Search Area is delineated for the sole purpose of site selection and does not provide any territorial exclusivity or protection. Franchisee must find a location in the Search Area and submit it to Franchisor for approval as required in this Agreement. Franchisee shall use its best efforts to find a suitable location subject to Franchisor's procedures and guidelines. Franchisor must grant written authorization before Franchisee may proceed with any proposed location. Franchisor's recommendation or approval of any site only indicates that Franchisor believes that the site meets Franchisor's then acceptable criteria that have been established for Franchisor's own purposes. Criteria that have appeared effective with other sites and other locations might not accurately reflect the potential for all sites and locations. Franchisor is not responsible if a site and location fails to meet Franchisee's expectations. Franchisee acknowledges and agrees that its acceptance of the selection of the Approved Location is based on Franchisee's own independent investigation of the site's suitability for the Franchised Business.

If the Approved Location is not designated in Exhibit 1 at the time of execution of this Agreement, Franchisee must complete all steps to acquire a suitable location within 90 days after the date of execution of this Agreement. Within the 90 day period, Franchisee must: (i) find a suitable site, meeting Franchisor's specifications; (ii) submit a request for approval of the proposed site; and (iii) deliver all information and copies of proposed agreements to Franchisor. Franchisee must use the real estate broker that Franchisor designates, provided however, if Franchisee is unable to locate a suitable site within 90 days of signing this Agreement with the designated real estate broker, Franchisee may select an alternate broker that is approved by Franchisor. Upon receiving Franchisor's written approval for a site Franchisee must promptly enter into a lease or sublease for the site, meeting Franchisor's requirements, including the requirements listed in Section 3.3, or enter into an agreement to purchase the site. If Franchisee or its equity owner or affiliate purchases or owns the Approved Location, Franchisee (or its equity owner or affiliate) shall grant Franchisor an option to purchase or lease the site upon termination or expiration of this Agreement at the fair market value or fair market rent.

Franchisee shall provide Franchisor with any information Franchisor requests and a copy of the proposed lease or purchase agreement in connection with Franchisor's review. In order for Franchisor to approve any designation of the Approved Location in Exhibit 1 at the time of execution of this Agreement, Franchisee must have supplied Franchisor with all required information and copies of proposed agreements prior to the execution of this Agreement. Franchisee shall not sign any lease or purchase agreement for the Approved Location until this Agreement is fully executed by both parties and Franchisor has granted approval of the agreement in writing.

### **3.3. Lease or Purchase.**

3.3.1. Any lease for the proposed location must contain certain provisions, including (i) a limitation that the premises shall be used only for a Taste Buds kitchen; (ii) a prohibition against assignment or subletting by Franchisee without Franchisor's prior written approval; (iii) permission for Franchisor to enter the premises and make changes to protect the Proprietary Marks; (iv) concurrent written notice to Franchisor of any default and the right (but not the obligation) for Franchisor to cure such default; (v) the right, at Franchisor's election, to receive an assignment of the lease upon the termination or expiration of the Franchise Agreement; and (vi) a prohibition against the lease being modified without Franchisor's prior written consent. In addition, prior to execution of the lease, Franchisor and Franchisee shall execute the Collateral Assignment of Lease which grants Franchisor the right but not the obligation to assume the lease upon Franchisee's default under the lease or this Agreement. Upon execution of the lease, Franchisor and lessor shall execute the Consent and Agreement of Lessor. The Collateral Assignment of Lease and Consent and Agreement of Lessor shall be in the forms attached as Exhibit 4 to this Agreement. Franchisee shall deliver an executed copy of the lease to Franchisor within 15 days after the execution of the lease.

3.3.2 Franchisor's review of the lease or purchase agreement for the Approved Location does not constitute Franchisor's opinion regarding the terms of the lease, purchase agreement or the viability of the location. Acceptance by the Franchisor of the lease or purchase agreement shall simply mean that the terms contained in the lease or purchase agreement, including general business terms, are acceptable to Franchisor. Franchisee acknowledges that it is not relying on Franchisor's lease or purchase agreement negotiations, lease or purchase agreement review or approval, or site approval and acknowledges that any involvement by Franchisor in lease negotiations is for the sole benefit of Franchisor. Franchisee

acknowledges and understands that it has been advised to obtain its own competent counsel to review the lease or purchase agreement before Franchisee signs any lease or purchase agreement.

3.3.3 If Franchisee does not agree with any lease provisions that Franchisor has approved or negotiated, Franchisee may elect not to sign the lease, but Franchisee would be required to find another suitable site for the Approved Location. If Franchisee rejects a site Franchisor approves because Franchisee does not agree with the lease provisions that Franchisor or its representatives have negotiated, Franchisor may permit another franchisee to enter into a lease for such site, whether on the terms Franchisee rejected, or other terms.

3.4. **Relocation.** In the event the lease term is shorter than the term of this Agreement and the lease cannot be renewed or extended, or Franchisee cannot continue to occupy the Approved Location, Franchisee shall relocate the Franchised Business to a site mutually acceptable to Franchisee and Franchisor in accordance with Franchisor's specifications and subject to Section 3.2 and Section 3.3, in order to complete the balance of the term of this Agreement. Franchisee shall give Franchisor notice of Franchisee's intent to relocate, pay the then-current relocation fee and must complete all steps to either enter into a lease or sublease or an agreement to purchase the site within 60 days after closing the Franchised Business at the original location. Franchisee must open the Franchised Business for business at the new location within 180 days of closing the original location. If Franchisee fails to comply with the terms of this Section 3.4, Franchisor may terminate this Agreement.

#### 4. **FEES AND COSTS**

4.1. **Initial Franchise Fee.** Franchisee shall pay Franchisor an initial franchise fee in the amount of \$49,500 in cash, wire transfer or by certified check, at the time of execution of this Agreement. The initial franchise fee is fully earned and is not refundable under any circumstances. If you are executing this Agreement in connection with a Multi-Unit Developer Agreement you will be responsible to pay the development fee owed thereunder but will not be charged a separate initial franchise fee.

#### 4.2. **Royalty Fee.**

**Royalty; Gross Revenues.** Franchisee shall pay to Franchisor a royalty fee equal to 8% of all "Gross Revenues" of the Franchised Business, or a required minimum of \$125 per week, whichever amount is greater. Payment of the required minimum will become effective on the week following the 6th month anniversary of the Franchised Business' Grand Opening. Royalty fees are due beginning when the Franchised Business begins to generate revenue and are currently payable on Wednesday each week for the revenue generated the previous week ending on Sunday. "Gross Revenues" means the total selling price of all services and products and all income of every other kind and nature related to the Franchised Business, whether for cash or credit and regardless of collection in the case of credit, including sales tax collected from customers. Gross Revenues expressly excludes customer refunds or adjustments. Gift cards or similar program payments are currently included in Gross Revenues when the gift card or applicable credit is purchased, not upon redemption, however Franchisor reserves the right to change this in the future.

4.2.1. **Payment; Reporting.** The Royalty Fee shall be paid by Franchisee via electronic fund transfer on the days outlined in section 4.2.1 or another day (or at another frequency) Franchisor specifies. Franchisee must provide weekly summaries of sales and services rendered during the preceding week, (hereinafter, “Report”), which Report shall accurately reflect all monies received or accrued, sales or other services performed during the relevant period and such other additional information as may be required by Franchisor as it deems necessary in its sole discretion to properly evaluate the progress of Franchisee. Franchisee shall provide the Report in the manner that Franchisor specifies no later than the day following the close of the reporting week, or at such time that Franchisor specifies. If Franchisee fails to submit any Report on a timely basis, Franchisor may withdraw from Franchisee’s operating account 120% of the last Royalty Fee debited. Any overpayments from the withdrawn amount shall be forwarded to Franchisee or credited to Franchisee’s account; Franchisee shall pay any underpayments, with interest.

4.2.2. **Single Operating Account; ACH.** Franchisee shall make suitable arrangements for on time delivery of payments due to or collected by Franchisor under this Agreement. Franchisee shall designate one account at a commercial bank of its choice (the “Account”) for the payment of continuing periodic royalty, advertising contributions to the Fund (defined in Section 4.3.3.1) and any other amounts due Franchisor in connection with this Agreement and the Franchised Business. Franchisor shall have “view-only” access. In addition, Franchisee shall furnish the bank with authorizations necessary to permit Franchisor to make withdrawals from the Account by electronic funds transfer (a copy of a form acceptable to Franchisor is currently attached as Exhibit 11). Franchisee shall bear any expense associated with these authorizations and electronic funds transfers. Franchisee shall pay Franchisor its actual cost incurred for bank charges, plus Franchisor’s then-current administrative fee in Franchisor’s sole discretion if the electronic funds transfer attempt is unsuccessful in whole or in part, or rejected, or if Franchisee closes the operating account, or any check or other means of payment used is returned not paid.

4.3. **Advertising.** Franchisee agrees to actively promote the Franchised Business and to abide by all of Franchisor's advertising requirements. Franchisee shall comply with each of its advertising obligations provided in this Agreement notwithstanding the payment by other Taste Buds System franchisees of greater or lesser advertising obligations or default of these obligations by any other franchisees. Franchisee may not take part in any sales from a location other than the premises of the Franchised Business and may not actively market outside Franchisee’s Territory without Franchisor’s permission, which may be contingent upon Franchisee’s agreement to provide other System franchisees whose businesses are located within the circulation area of the proposed advertising the opportunity to contribute to and to participate in the advertising. With regard to advertising generally for the Franchised Business, Franchisee shall place or display at the Franchised Business premises (interior and exterior) only such signs, emblems, lettering, logos and display and advertising materials as Franchisor approves in writing from time to time. No outside solicitations are permitted. All advertising, marketing and promotion by Franchisee of any type shall be conducted in a dignified manner, shall coordinate and be consistent with Franchisor’s marketing plans and strategies and shall conform to the standards and requirements Franchisor prescribes. If Franchisor determines at any point that any advertising materials no longer conform to System requirements, Franchisor shall provide Franchisee with notice of the same, at which point Franchisee shall promptly discontinue such use. Except as may otherwise be approved in writing by Franchisor, Franchisee shall not use any advertising or promotional materials which Franchisor has not approved in writing (including, without limitation, any brand collateral materials which will be distributed by Franchisor or Franchisor’s designated vendor), and Franchisee shall promptly discontinue use of any advertising or promotional materials previously approved, upon notice from Franchisor. In addition to the materials approved by Franchisor and made available to Franchisee, Franchisee may request that Franchisor’s approved Advertising and Graphic Design Provider create advertising materials on

Franchisee's behalf specifically for Franchisee's Taste Buds Kitchen, at Franchisee's cost. Franchisor may also require Franchisee's use of the Advertising and Graphic Design Provider, in its sole discretion. All materials must be approved by Franchisor before being ordered and Franchisor will retain exclusive rights to any and all materials requested to be produced by franchisees and has the right, without payment of any kind, to make these materials available for use by Franchisor and all other franchisees. Franchisee will have no rights in the materials other than Franchisor's permission for use them.

**4.3.1. Pre- Launch Advertising.** During the approximate four (4) month period before the opening of the Franchised Business (unless a different timeframe is designated by Franchisor), Franchisee shall expend at least \$10,000 on grand opening advertising and promotion in and/or for Franchisee's market area. Franchisor shall make such expenditure in accordance with Franchisor's written requirements and specifications. Franchisee must use Franchisor's approved vendor in the manner specified to conduct the grand opening marketing campaign. Franchisee is also required to engage in grass roots marketing within your Territory, during this time period, in addition to the grand opening marketing expenditures. Franchisor must approve of the grand opening marketing campaign before it is conducted. Franchisee shall keep detailed records of all expenditures and provide these records to Franchisor within 15 days if Franchisor requests them.

**4.3.2. Minimum Promotional Expenditure; Local Marketing and Advertising.** At Franchisor's discretion Franchisee may be required to prepare an annual advertising and marketing plan to be submitted to Franchisor for the Franchised Business (the "Annual Advertising and Marketing Plan") which shall consist of both traditional and grass roots marketing initiatives. Franchisee must adhere to the approved plan, including use of approved advertising and marketing materials and providers, placement and purchase of advertising and marketing materials and media, and compliance with all promotional recommendations. Franchisee must conduct paid local advertising in the Territory and must spend at least \$2,000 each month on such local advertising (the "Minimum Promotional Expenditure"), utilizing Franchisor's approved vendor. Franchisor reserves the right to adjust this amount, as needed, upon 30 days advanced written notice. Within 30 days of Franchisor's request, Franchisee must provide proof of local marketing and advertising expenditures, including verification copies of the advertisements. Franchisee is also required to engage in grass roots marketing within the Territory, in addition to the paid local advertising requirement. Franchisor must approve all advertising and marketing materials before use. Franchisee must not advertise or use the Proprietary Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication without Franchisor's express written consent. Franchisee must provide any proposed advertising or marketing materials to Franchisor at least 30 days before placement deadline. Franchisor is not contractually obligated to approve or reject any materials submitted within the 30 days, but will attempt to do so. Franchisee may not use the materials unless Franchisor gives approval in writing. Any materials submitted for review will become Franchisor's property, and there will be no restriction on Franchisor's use or distribution of these materials. Franchisee may be required to include certain language and/or contact information for the Franchisor in its advertisements.

**4.3.3. Brand Development Fund.**

**4.3.3.1** Franchisor has the right to establish, administer and control the Brand Development Fund (the "Fund"). Franchisee agrees to contribute to the Fund in an amount of up to 2% (currently 1.5 %) of Franchisee's Gross Revenues weekly via electronic fund transfer or as otherwise directed by Franchisor, currently required to be paid on Wednesday each week, beginning with the week following the week in which the Franchised Business begins making sales. Franchisor reserves the right to change the pay day or frequency. Franchisor can increase the brand development fund payment to a

maximum of 2% upon 30 days' notice to Franchisee. Franchisee agrees to expend and/or contribute all advertising fees required under this Agreement notwithstanding the actual amount of contribution by other franchisees of Franchisor, or of default of this obligation by any other franchisees. Franchisor may maintain contributions to the Fund in a separate bank account or hold them in Franchisor's general account and account for them separately. Franchisor may establish separate entities to administer the Fund and the Fund contributions. Franchisor intends the Fund to be of perpetual duration, but Franchisor maintains the right to terminate the Fund or to create new Fund accounts or merge accounts. Franchisor shall not terminate the Fund until all money in the Fund has been expended for advertising and/or marketing purposes or returned to contributors on the basis of their respective contributions. The money contributed to the Fund shall not be considered to be trust funds. Franchisor and any designee shall not have to maintain the money in the Fund in interest bearing accounts or obtain any level of interest on the money and Franchisor does not owe any fiduciary obligation for administering the Fund.

4.3.3.2 Franchisor has the right to use Fund contributions, at its discretion, to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, either in house or via a third party, and any other activities which Franchisor believes will enhance the image of the Taste Buds System, including the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing networking and social media sites, such as Facebook, Twitter, LinkedIn, YouTube, Instagram Pinterest and on-line blogs and forums; creating and/or maintaining a presence in virtual worlds; developing, maintaining, and updating a World Wide Web or Internet site for System Franchised Business; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items; conducting and administering in-store promotions and "mystery shopper" program(s) which may include call recording; implementation and use of Client Relationship Management software and solutions; and providing promotional and other marketing materials and services to the businesses operating under the System. Franchisor is not required to spend any amount of Fund contributions in the area in which the Franchised Business is located. Franchisor's decisions in all aspects related to the Fund shall be final and binding. Franchisor may charge the Fund for the costs and overhead, if any, Franchisor incurs in activities reasonably related to the creation, implementation and administration of the Fund and the advertising and marketing programs for franchisees. These costs and overhead include the proportionate compensation of Franchisor's employees who devote time and render services in the conduct, formulation, development and production of advertising, marketing and promotion programs or who administer the Fund. At Franchisee's written request, Franchisor shall provide fiscal year end unaudited financial statements accounting for the applicable Fund expenditures when available. Franchisee may have to purchase advertising materials produced by the Fund, by Franchisor or by its parent, predecessor or affiliate, and Franchisor, or its parent, predecessor or affiliate, may make a profit on the sale. The Fund may spend more or less than the total annual Fund contributions in a given fiscal year and may borrow funds to cover deficits. Fund contributions not spent in the fiscal year in which they accrue, will be carried over for use during the next fiscal year. Locations owned by Franchisor's affiliates may, but are not required to, contribute to the Fund.

4.3.3.3 The advertising and promotion Franchisor conducts is intended to maximize general public recognition and patronage of System businesses and the Taste Buds brand in the manner that Franchisor determines to be most effective. Franchisor will benefit from contacts by new franchisee candidates through its Website, and its franchise opportunity information and application pages will be present within the site, however, Franchisor does not otherwise anticipate that any part of contributions to the Fund will be used for advertising that is principally a solicitation for the sale of



additional franchises. Franchisor reserves the right to include a message or statement in any advertisement indicating that franchises are available for purchase and related information. Franchisor is not obligated to ensure that the expenditures from the Fund are proportionate or equivalent to Franchisee's contributions or that the Franchised Business or any Taste Buds kitchen shall benefit directly or pro rata or in any amount from the placement of advertising.

4.3.3.4 From time to time, Franchisor may, in its sole discretion, establish special promotional campaigns applicable to the Taste Buds System franchisees as a whole or to specific advertising market areas. If Franchisee participates, or is required to participate, in any special promotional programs, Franchisee shall be required to pay for the development, purchase, lease, installation and/or erection of all materials necessary to such promotional campaigns, including but not limited to posters, banners, signs, photography or give-away items. Franchisee may not offer any special promotional programs without Franchisor's prior written consent. Additionally, Franchisee shall be required to offer any and all discounts mandated by Franchisor to clients designated by Franchisor to receive same and comply with the requirements of any gift card, gift certificate, customer loyalty or retention, or special promotional program that Franchisor implements for all or part of the System and shall sign the forms and take the other action that Franchisor requires for Franchisee to participate in such programs. Franchisee must honor all gift cards presented regardless of where or how the gift card was originally purchased. Franchisee may not create unapproved rewards or loyalty programs. Franchisee cannot offer free products or services unless approved by Franchisor.

4.3.4 **Website Requirements.** Franchisee shall not develop, own or operate any website (or establish any other online presence, including a presence in virtual worlds, or post to any social media platform, including but not limited to, Facebook, Twitter, LinkedIn, YouTube, Instagram and Pinterest) using the Proprietary Marks or otherwise referring to the Franchised Business or the products or services sold under the Taste Buds System (each the "Website") without Franchisor's prior written approval. All content on a Website is deemed to be advertising and must comply with the requirements Franchisor establishes for websites in the Confidential Operations Manual or otherwise. Franchisor may host and give Franchisee access to a separate web page for the Franchised Business on its website(s) ("Location Micro-Site"). Any electronic materials Franchisee proposes to use must be approved in advance by Franchisor before publication to any site. Franchisee shall establish electronic links to Franchisor's website(s) or any other website Franchisor designates. Franchisor has the right, but not the obligation, to establish and maintain a Website, which may promote the Proprietary Marks and /or Taste Buds System and/or the businesses operating under the Taste Buds System. Franchisor will have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. Franchisor will also have the right to discontinue operation of the Website at any time without notice to Franchisee. Franchisee's webpage may be removed and all mention of the Franchised Business location may be removed from Franchisor's website and/or social media accounts anytime Franchisee is found to not be in compliance with the System or anything required under this Agreement. Access will be reinstated only once violations are deemed cured, in Franchisor's sole discretion. Currently, Franchisor does not charge any fee for franchisees for the use of its Website, but reserves the right to do so. Upon the expiration, termination or non-renewal of this agreement, Franchisee will assign any permitted website domain or social media account used in connection with the Franchised Business to Franchisor. Franchisee does not have any responsibility for designing or hosting the Website. Franchisor reserves the right to provide password protected access to conduct all business-related e-mail operations through the private portion of Location Micro-Site. Franchisee may only use the Website and Internet presence provided by Franchisor.

**4.3.5 Advertising Cooperatives.** Franchisor reserves the right to create a regional advertising cooperative and require Franchisee to contribute an amount determined by the cooperative, up to 2% of Franchisee's monthly Gross Revenues. Amounts contributed to a cooperative will be credited against monies Franchisee is otherwise required to spend on Minimum Promotional Expenditures. If the amount Franchisee contributes to a cooperative is less than the Minimum Promotional Expenditure requirement, Franchisee must still spend the difference locally. If it is more, Franchisee must still contribute the required amount to the cooperative. Franchisor has the right to draft Franchisee's bank account for the advertising cooperative contribution and to pass those funds on to the respective cooperative. The cooperative members are responsible for the administration of their respective advertising cooperative, as stated in the by-laws that Franchisor approves. The by-laws and governing agreements will be made available for review by the cooperative's franchisee members. Franchisor may require a cooperative to prepare annual or periodic financial statements for review. Each cooperative will maintain its own funds; however, Franchisor has the right to review the cooperative's finances, if it so chooses. The Franchised Business may not benefit directly or proportionately to its contribution to the Cooperative. Franchisor reserves the right to approve all of a cooperative's marketing programs and advertising materials. On 30 days written notice to affected franchisees, Franchisor may terminate or suspend a cooperative's program or operations. Franchisor may form, change, dissolve or merge any advertising cooperative. Franchisor's affiliate owned businesses may but will have no obligation to participate in any such advertising cooperatives.

**4.4 Technology Fee and Technology Set-Up Fee.** Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable, but unpredictable, changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, new standards for the implementation of technology in the Taste Buds System; and Franchisee agrees that he or she will abide by those standards established by Franchisor as if this Agreement were periodically revised by Franchisor for that purpose. Franchisor reserves the right to require Franchisee to pay to Franchisor, its affiliate, or approved vendor, its then-current technology fee which may be used towards costs in relation to website hosting and updates, establishing and maintaining our Franchise Management System, CRM software, training software, employee recruiting software, email and phone hosting and other technology related items. Franchisor reserves the right to increase the Technology Fee upon 30 days written notice. Technology Fee payments are currently made on the first day of each month (beginning with the month following the Grand Opening) via electronic fund transfer or at such time and in such manner as otherwise designated by Franchisor. This fee is in addition to fees paid direct to third party vendors. Additionally, at the time of signing this Agreement, Franchisee shall be required to pay to Franchisor its then-current Technology Set-Up fee to cover the set-up for the Franchise Management System, CRM software, recruiting software, training software, marketing and graphic design software, email and phone number hosting, and website location set-up or other technology as Franchisor deems appropriate.

**4.5 Management Fee.** If Franchisor determines in its sole judgment that the operation of the Franchised Business is in jeopardy due to Franchisee or an owner's death, disability or for any other reason, including occurrence of a default, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, Franchisee authorizes Franchisor to operate the Franchised Business for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies which Franchisor may have under this Agreement. In Franchisor's sole judgment,

it may deem Franchisee incapable of operating the Franchised Business if, without limitation, Franchisee fails to make payments when due or fails to remove any and all liens or encumbrances of every kind placed upon or against the business; or if Franchisor determines that operational problems require that it operate the Franchised Business for a period of time that it determines, in its sole discretion, to be necessary to maintain the operation of the business as a going concern. Franchisor shall receive its then current fee for same. Franchisor reserves the right to change its fee upon 30 days written notice. In addition, Franchisee will also be required to pay Franchisor's expenses (including reasonable attorney's fees incurred) and fees due under this agreement, such as royalties. In the event Franchisor exercises these rights, Franchisee agrees to hold Franchisor and its representatives harmless for all actions occurring during the course of such temporary operation. Nothing contained herein shall prevent Franchisor from exercising any other right which it may have under this Agreement, including, without limitation, termination.

**4.6 Site Selection Management Fee.** Franchisee shall pay Franchisor's then-current fee for assistance with site identification and evaluation. This fee covers assistance and coordination only and is in addition to architect fees, construction costs, inspection fees, license submission fees, attorney's fees, agency fees, and other direct and indirect costs associated with the procurement and build out of the Franchised Business. This fee is currently payable to Franchisor's designated vendor.

**4.7 Collection Costs, Attorneys' Fees, Interest.** Any late payment or underpayment of the Royalty Fee, advertising contributions and any other charges or fees due Franchisor or its parent, predecessor or affiliate from Franchisee, shall bear interest from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate which may be charged for commercial transactions in the state in which the Franchised Business is located. If Franchisor engages an attorney to collect any unpaid amounts under this Agreement or any related agreement (whether or not formal judicial proceedings are initiated), Franchisee shall pay all reasonable attorneys' fees, court costs and collection expenses incurred by Franchisor. If Franchisee is in breach or default of any non-monetary material obligation under this Agreement or any related agreement, and Franchisor engages an attorney to enforce its rights (whether or not formal judicial proceedings are initiated), Franchisee shall pay all reasonable attorneys' fees, court costs and other expenses incurred by Franchisor. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement and the claim in the action is denied or the action is dismissed, Franchisor may recover its reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against the same.

**4.8 Audit.** Franchisee shall maintain accurate business records, reports, correspondence, accounts, books and data relating to Franchisee's operation of the Franchised Business. At any time during normal business hours, Franchisor or its designee may enter the Franchised Business or any other premises where these materials are maintained and inspect and/or audit Franchisee's business records and make copies to determine if Franchisee is accurately maintaining same. Alternatively, upon request from Franchisor, Franchisee shall deliver these materials to Franchisor or its designee. If any audit reveals that Franchisee has understated Gross Revenues by 1% or more, or if Franchisee has failed to submit complete Reports and/or remittances to Franchisor for any 2 reporting periods within a 12 month period, or Franchisee does not make these materials available, Franchisee shall pay the reasonable cost of the audit and/or inspection, including the cost of auditors and attorneys, incurred by Franchisor, together with amounts due for royalty and other fees as a result of such understated Gross Revenues, including interest from the date when the Gross Revenues should have been reported, no later than fourteen (14) days after the completion of such audit.

**4.9 Financial Records and Reports.** Franchisee shall maintain for at least 5 fiscal years from their production, or any longer period required by law, complete financial records for the operation of the Franchised Business in accordance with generally accepted accounting principles and shall provide Franchisor with: (i) the Gross Revenue records, which Franchisor may access on a regular basis through the point of sale system or other equipment used in connection with the recording of Franchisee's Gross Revenues (sales reports are currently due weekly); (ii) annual financial reports and operating statements in the form specified by Franchisor on the date specified by Franchisor (Franchisor reserves the right to require that it receive reports prepared by a certified public accountant or state licensed public accountant, within 60 days after the close of each fiscal year of Franchisee); (iii) state and local sales tax returns or reports within 15 days after their timely completion; (iv) federal, state and local income tax returns for each year in which the Franchised Business is operated, within 60 days after their timely completion; and (v) such other reports as Franchisor may from time to time require, in the form and at the time prescribed by Franchisor, setting forth, without limitation, such items as client enrollment, quantities of inventory purchased, and the sources from which inventory was obtained. To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at its discretion, may specify the form in which the business records are to be maintained, provide a uniform set of business records to be used by Franchisee, and specify the type of point of sale system or other equipment and software to be used in connection with the recording of Gross Revenues. Franchisor may obtain Gross Revenues and other information from Franchisee by modem or other similar means, from a remote location, without the need for consent, at the times and in the manner as Franchisor specifies, in Franchisor's sole discretion. In the event Franchisee fails to submit a required report, Franchisor may charge it's then-current fine for failure to timely submit required financial reports.

**4.10 Taxes on Payments to Franchisor.** In the event any taxing authority, wherever located, shall impose any tax, levy or assessment on any payment made by Franchisee to Franchisor, Franchisee shall, in addition to all payments due to Franchisor, pay such tax, levy or assessment, which will enable Franchisor to receive the payment in full.

**4.11 No Right of Set Off.** Franchisee has no right to offset or withhold payments of any kind owed or to be owed to Franchisor, or its parent, predecessor or affiliate, against amounts purportedly due as a result of any dispute of any nature or otherwise, except as authorized by an award from a court of competent jurisdiction.

## **5. FRANCHISOR SERVICES**

### **5.1. Site Selection.**

**5.1.1. Site Selection Assistance.** Franchisor or its designated suppliers, shall assist Franchisee in identifying potential locations that meet Franchisor's standards and criteria, including size, layout and other physical characteristics. Franchisee must acquire an acceptable site within ninety (90) days from the effective date of this Agreement. This assistance provided by Franchisor or its designees does not relieve Franchisee of the primary obligation to locate and open a suitable site in the required timeframe.

**5.1.2. Site Selection Approval.** Franchisor or its designated suppliers shall review and approve or disapprove sites proposed by Franchisee for the location of the Franchised Business. Final site selection must be acceptable to both Franchisor and Franchisee. Upon the selection of a mutually

acceptable site, Franchisor or its designee shall review Franchisee's proposed lease or purchase agreement for the premises. Neither Franchisor's acceptance of a site nor approval of a proposed lease or purchase agreement constitutes a representation that the Franchised Business shall be successful.

5.2. **Layout.** Franchisor shall provide Franchisee with a copy of a floor plan designed for a prototypical Taste Buds kitchen. Franchisee shall construct and equip the Franchised Business in accordance with Franchisor's then-current approved specifications and standards pertaining to design and layout of the premises, and to equipment, signs, fixtures, furnishings, location and design and accessory features. Franchisee must hire Franchisor's exclusive architect and a designer approved by Franchisor to prepare plans and make any necessary changes to the standard floor plan design. The architect must certify that the architectural renderings, plans, and specifications comply with the Americans with Disabilities Act (the "ADA"), the architectural guidelines under the ADA, and all applicable state and local codes for accessible facilities before approval will be granted for the final plans. Franchisee shall bear the cost and responsibility of compliance with state or local ordinances, including but not limited to architectural seals, zoning and other permits. All costs of and connected with the construction, leasehold improvements, equipment, furnishings, fixtures, and signs are the responsibility of Franchisee. The layout, design and appearance (the "trade dress") of the Franchised Business shall meet Franchisor's approval and conform to Franchisor's standards and specifications as set forth in the Confidential Operations Manual, and Franchisee may not alter the trade dress without Franchisor's consent.

### 5.3. **Training.**

5.3.1. **Initial Training.** Franchisor shall provide, either itself or through its designee, an initial training program to be held at its corporate kitchen in Maryland, at the Franchised Location or another location designated by Franchisor, or virtually, at the times Franchisor shall designate, at Franchisor's discretion. Initial training is provided at no cost for up to three attendees (consisting of Franchisee or Franchisee's Operating Principal and General Manager). Franchisor shall schedule an initial training program, at Franchisor's convenience, between the time Franchisee signs this Agreement and the time Franchisee is scheduled to open the Franchised Business. Franchisee, or if Franchisee is a business entity, Franchisee's Operating Principal must attend and complete the initial training program to Franchisor's satisfaction at least thirty (30) days prior to the opening of the Franchised Business. Franchisee's General Manager must complete, to Franchisor's satisfaction, the initial training program within 60 days of their start date (or at the next available training if no training is offered within 60 days of their start date). Franchisee shall be responsible for the personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for individuals attending training. If initial training is otherwise required for Franchisee or any equity owner, General Manager, or other employee, Franchisee shall pay Franchisor's then-current tuition for each person to attend the initial training program. Each of Franchisee's additional and/or replacement General Managers shall attend and complete to Franchisor's satisfaction. Franchisor may terminate this Agreement if all required attendees do not pass training to our satisfaction. Franchisor may, but is not required to, allow Franchisee to provide training to replacement personnel but such training may not occur unless Franchisor provides advanced written consent. Additionally, Franchisee must make arrangements to ensure that Franchisee's owners and all employees hold all certifications required by Franchisor from time to time from organizations designated by Franchisor, in its discretion, which may include adult-child-infant CPR & First Aid certification and ServSafe Manager Training (or similar, in Franchisor's sole discretion).

5.3.2. **On-Site Training.** Franchisor shall provide other on-going assistance as Franchisor deems appropriate and advisable. Subject to availability of personnel and at the request of

Franchisee, Franchisor shall make available corporate personnel to provide additional on-site assistance at Franchisee's location and may charge Franchisee its then-current tuition plus the travel, lodging and meal costs for Franchisor's trainers.

5.3.3. **Refresher Courses; Supplemental Training.** Franchisor reserves the right to offer refresher courses and supplemental training programs, which, in Franchisor's sole discretion, may be optional or mandatory, from time to time, to Franchisee, its equity owners (if Franchisee is a business entity), its General Manager, instructors and/or its employees. In addition to paying Franchisor's then-current cost for tuition, Franchisee shall be responsible for the personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for individuals attending any refresher or supplemental training.

5.4. **Continuing Consultation and Advice.** In addition to the assistance rendered Franchisee prior to opening, Franchisor shall provide Franchisee continuing consultation and advice as Franchisor deems advisable during the term of this Agreement regarding client procurement, sales and marketing techniques, inventory, personnel development and other business, operational and advertising matters that directly relate to the operation of the Franchised Business. Such assistance may be provided by telephone, facsimile, email, postings to Franchisor's intranet, periodically through on-site assistance by appropriate personnel of Franchisor, and/or other methods. Franchisor reserves the right to delegate any or all of its obligations under this Agreement to a third party of its choosing. Franchisor is not obligated to perform services set forth in this Agreement to any particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. Franchisor does not represent or warrant that any other services will be provided, other than as set forth in this Agreement. To the extent any other services, or any specific level or quality of service is expected, Franchisee must obtain a commitment for the provision of such service or level of service in writing signed by an authorized officer of Taste Buds Kitchen International, LLC, which shall be given only by the Chief Executive Officer.

5.5. **Confidential Operations Manual.** Franchisor shall loan or otherwise provide access by Franchisee to one copy of a specifications, operations and procedures manual, and one copy of other books, binders, videos or other electronic media, intranet postings and other materials, and appropriate revisions as may be made from time to time, referred to collectively as the "Confidential Operations Manual". Franchisee shall operate the Franchised Business in strict compliance with the Confidential Operations Manual. From time to time Franchisor may, through changes in the Confidential Operations Manual or by other notice to Franchisee, change any standard or specification or any of the Proprietary Marks applicable to the operation of the Franchised Business or change all or any part of the System, and Franchisee shall take all actions, at Franchisee's expense, to implement these changes. Franchisor may vary the standards and specifications to take into account unique features of specific locations or types of locations, special requirements and other factors Franchisor considers relevant in its sole discretion. The Confidential Operations Manual shall be confidential and at all times remain the property of Franchisor. Franchisee shall not make any disclosure, duplication or other unauthorized use of any portion of the Confidential Operations Manual. The provisions of the Confidential Operations Manual constitute provisions of this Agreement as if fully set forth in this Agreement. Franchisee shall ensure that its copy of the Confidential Operations Manual is current and up-to-date. If there is a dispute relating to the contents of the Confidential Operations Manual, the master copy maintained by Franchisor at its principal office shall be controlling. Franchisor may elect to provide the Confidential Operations Manual solely through Franchisor's website(s) and/or intranets or other electronic means without any need to provide Franchisee with a paper copy or other physical format. Franchisor may release the Confidential Operations Manual in sections at varying

times.

5.6. **Annual Franchise Meeting.** Franchisor reserves the right to hold a meeting or convention of all franchisees, which will not be held more frequently than annually. Franchisor may designate that attendance at a franchisee meeting by Franchisee, Franchisee's Operating Principal, General Manager and/or certain personnel is mandatory. Failure to attend shall result in the payment to Franchisor of its then-current fee. Franchisor reserves the right to charge a fee for the franchisee meeting, and Franchisee must pay all expenses incurred by all attendees on its behalf, including travel, lodging, meals, applicable wages and meeting materials.

## 6. FRANCHISE SYSTEM STANDARDS

6.1. **Opening for Business.** Franchisee must open the Franchised Business for business within twelve (12) months after the execution of this Agreement. Franchisee shall not open the Franchised Business for business until Franchisee has complied with Franchisor's requirements for opening, and Franchisor has granted Franchisee written permission to open. Franchisor's opening requirements include: (i) Franchisee must have paid the initial franchise fee and other amounts then due to Franchisor, or its parent, predecessor or affiliate; (ii) the Franchised Business complies with Franchisor's standards and specifications; (iii) all required personnel have satisfactorily completed Franchisor's pre-opening training requirements; (iv) Franchisee has obtained all applicable licenses and permits; (v) Franchisee has provided Franchisor with copies of all required insurance policies and evidence of coverage and premium payment and (vi) Franchisor has provide its written approval. If the Franchised Business is not opened for business within twelve (12) months from the date of this Agreement, Franchisor may terminate this Agreement. If Franchisee is approved to open based on satisfaction of certain contingencies and Franchisee opens without satisfying the contingencies Franchisor may charge its then-current fine for each week the contingencies remain unsatisfied, which is not its exclusive remedy.

6.2. **Compliance with Standards.** Franchisee acknowledges that its obligations under this Agreement are reasonable, necessary and desirable for the operation of the Franchised Business and the Taste Buds System. Franchisee shall adhere to Franchisor's standards and specifications as set forth in this Agreement and the Confidential Operations Manual, including, but not limited to, specifications of product quality and uniformity and equipment compatibility among individual Taste Buds franchisees, and any revisions or amendments. Franchisee shall purchase only products and services, including Taste Buds branded products, inventory, supplies, furniture, fixtures, equipment, signs, software and logo-imprinted products, which Franchisor approves, including purchasing from approved suppliers or a designated sole supplier for any items. Franchisor and its parent, predecessor or affiliate may be an approved supplier or designated sole supplier for any purchases of products or services, including, without limitation, branded products and supplies, and may obtain revenue from Franchisee and make a profit. Franchisee must purchase or obtain these products and services through Franchisor or a supplier approved by Franchisor. Franchisee cannot be a supplier to other franchisees without Franchisor's written approval. If Franchisor has not designated an approved supplier for a particular product or service, Franchisee shall purchase these products and services only from suppliers that meet Franchisor's standards and specifications. Franchisor is not liable for the actions of any supplier or vendor. Franchisee may request approval of a supplier under Franchisor's published procedures, which include inspection of the proposed supplier's facilities and testing of product samples. Franchisor may charge its costs for Franchisor's services in making a determination on the proposed supplier. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any approved supplier, and to revoke approval if the supplier fails to continue to meet any of Franchisor's criteria. Franchisor may receive fees and other payments from suppliers and others in connection with

Franchisee's purchases and may use the fees for Franchisor's own purposes. Franchisee may only offer and sell the products and services that Franchisor periodically specifies and may not offer or sell at the Franchised Business, the Approved Location or any other location any products or services Franchisor has not authorized. Franchisee must discontinue selling and offering for sale any products or services that Franchisor at any time disapproves. Franchisee agrees at all times to operate and maintain the Franchised Business according to each and every System standard, as Franchisor periodically modifies and supplements them. System standards may regulate any aspect of the Franchised Business's operation and maintenance. Franchisee may only provide services in a "live" setting and may not conduct online classes, parties or other events or provide other online offerings without Franchisor's written consent. Franchisor may impose its then-current fine for Franchisee's provision of unauthorized products or services, which is not its exclusive remedy. Franchisor may recommend or mandate pricing for products and services to be sold at the Franchised Business.

### 6.3. **Operations.**

6.3.1. Franchisee shall keep the Franchised Business open for only those hours and days specified by Franchisor in the Confidential Operations Manual and must keep the Franchised Business opened for such hours and days as required.

6.3.2. Franchisee shall maintain the Franchised Business in a clean, safe and attractive manner, and in accordance with all applicable requirements of law and the Confidential Operations Manual. Franchisee and its employees shall give prompt, courteous and efficient service to the public and shall otherwise operate the Franchised Business so as to preserve, maintain and enhance the reputation and goodwill of the Taste Buds System.

6.3.3. Franchisee shall at all times maintain and employ working capital as Franchisor may reasonably deem necessary to enable Franchisee to properly and fully carry out and perform all of its duties, obligations and responsibilities under this Agreement and to operate the business in a businesslike, proper and efficient manner.

6.3.4. Franchisee shall operate the Franchised Business in conformity with the highest ethical standards and sound business practices and in a manner which shall enhance the Taste Buds name and brand and the Taste Buds System. Franchisee shall employ a sufficient number of qualified, competent people to satisfy the demand for its products and services as well as other office personnel. Franchisee shall be solely responsible for all employment decisions and functions, including hiring, firing, discipline, supervision, setting terms of employment and compensation and implementing a training program for employees of the Franchised Business in accordance with training standards and procedures Franchisor specifies in order for Franchisee to conduct the business of the Franchised Business at all times in compliance with Franchisor's requirements. Franchisee shall never represent or imply to prospective employees that they shall be or are employed by Franchisor. Franchisee must communicate clearly with its employees in its employment agreements, employee manuals, human resources materials, written and electronic correspondence, pay checks and other materials that Franchisee (and only Franchisee) is their employer, and Franchisor is not their employer and does not engage in any employer-type activities, for which only Franchisee is responsible. All employee's must be subject to a background check given that the Franchise Business involves the provision of services to children.

6.3.5. Franchisee acknowledges that proper management of the Franchised Business is extremely important. Franchisee (or its Operating Principal) is responsible for the management, direction



and control of the Franchised Business. If Franchisee is an entity, Franchisee must appoint and maintain throughout the Term an “Operating Principal”, who must be an equity owner of at least 10% of the Franchised Business. The Operating Principal is identified on Exhibit 2 to this Agreement. The Operating Principal shall have the authority to bind Franchisee in all operational decisions regarding the Franchised Business. Franchisor shall have the right to rely on any statement, agreement or representation made by the Operating Principal. The Operating Principal cannot be changed without Franchisor’s prior written approval.

Franchisee must hire a General Manager to be responsible for the direct on-premises supervision of the Franchised Business at all times during the hours of operation. Franchisee’s General Manager must furnish full-time attention and best efforts to the management of the Franchised Business. However, Franchisee is still responsible for the operations of the Franchised Business and its obligations under the Franchise Agreement. Franchisee may not change the General Manager of the Franchised Business without Franchisor’s prior approval. Franchisor must be given notice if a General Manager resigns or is otherwise terminated within seventy-two hours and Franchisee must engage a suitable replacement as soon as possible, but in no event more than 60 days from the date of termination and Franchisee must provide suitable coverage in the interim.

At all times, Franchisee will keep Franchisor advised of the identity of the General Manager. The General Manager need not have any equity interest in the franchise. Franchisee will disclose to the General Manager only the information needed to operate the Franchised Business and the General Manager will be advised that any confidential information is Franchisor’s trade secret.

6.3.6. Franchisee shall maintain the Franchised Business and the Approved Location in “like new” condition, normal wear and tear excepted, and shall repaint, redecorate, repair or replace equipment, fixtures and signage as necessary to comply with the standards and specifications of Franchisor. Franchisee shall, at its expense, redecorate, repair and replace furniture, equipment, décor, software, wiring, fixtures and signs as necessary to maintain the highest degree of safety and sanitation at the Franchised Business and any parking lot in first class condition and repair and as Franchisor may direct. Not more than once every 5 years, Franchisor may require Franchisee to extensively renovate the Franchised Business at Franchisee’s expense to conform to Franchisor’s then-current public image and trade dress. This extensive renovation may include structural changes, remodeling and redecorating. Franchisee must also purchase any additional or replacement furniture, indoor and outdoor equipment, software, wiring, fixtures and signs Franchisor specifies.

6.3.7. Franchisee shall fully participate in all required national buying or vendor programs.

6.3.8. Franchisee authorizes the release of all supplier records to Franchisor without notice to Franchisee. Franchisee grants Franchisor the right to communicate with suppliers without notice to Franchisee, and to obtain and examine all records of any supplier relating to Franchisee’s purchases from the supplier.

6.3.9. Franchisee shall follow all methods of operating and maintaining the Franchised Business that Franchisor determines to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Taste Buds kitchens.

6.3.10. If Franchisor permits Franchisee to provide off-site services, Franchisor anticipates

that Franchisee's employees will use their personal vehicles to provide any off-site services from the Franchised Business. Franchisor reserves the right to require Franchisee to have temporary signage placed on each vehicle. Franchisor expects that all vehicles will be kept clean, in good working order and properly insured. Franchisee must have each person providing those services comply with all laws, regulations and rules of the road and use due care and caution operating and maintaining the motor vehicles. Franchisee may not own a vehicle in the name of, or through, the Franchisee entity that owns the Franchised Business.

6.4. **Applicable Laws.** Franchisee shall investigate, keep informed of and comply with all applicable federal, state and local laws, ordinances and regulations regarding the construction, operation or use of the Franchised Business. If these legal requirements impose a greater standard or duty than Franchisor requires in the Confidential Operations Manual or elsewhere, Franchisee must comply with the greater standard or duty and notify Franchisor in writing promptly after Franchisee becomes aware of the discrepancy. Franchisee shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("Privacy") and shall comply with Franchisor's standards and policies pertaining to Privacy. If there is a conflict between Franchisor's standards and policies pertaining to Privacy and applicable law, Franchisee shall: (i) comply with the requirements of applicable law; (ii) immediately give Franchisor written notice of said conflict; and (iii) promptly and fully cooperate with Franchisor and its counsel as it may request to assist in a determination regarding the most effective way, if any, to meet the standards and policies pertaining to Privacy within the bounds of applicable law.

6.5. **Trade Secrets and Confidential Information.** The System is unique and the Confidential Operations Manual, Franchisor's trade secrets, copyrighted materials, methods and other techniques and know-how are the sole, exclusive and confidential property of Franchisor, and are provided or revealed to Franchisee in confidence ("Confidential Information"). Franchisee agrees to maintain a list of the names, addresses and contact information of all clients of the Franchised Business. The list will be Franchisor's sole and exclusive property and will be part of the Confidential Information. Franchisee agrees to maintain the confidentiality of the list and may not disclose the client list or its contents to any person or entity other than Franchisor, except as may be required by law or court order. Franchisee shall use the Confidential Information only for the purposes and in the manner authorized in writing by Franchisor, and its use shall inure to the benefit of Franchisor. Franchisor's trade secrets consist of, without limitation, (i) site selection, construction plans and design specifications; (ii) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (iii) recipes, ingredients and food preparation techniques; (iv) knowledge of specifications for and suppliers of, and methods of ordering, certain products, ingredients, materials, equipment and supplies; (v) knowledge of the operating results and financial performance of other System kitchens; (vi) the Operations Manual; (vii) training materials and programs; (viii) customer names, contact information and data; (ix) all password-protected portions of the Website, intranets and extranets and the information they contain (including the email addresses of System franchisees); and (x) specifics regarding the inner workings of computer software, applications or other technology used by the System. Franchisee shall inform all employees before communicating or divulging any Confidential Information to them of their obligation of confidence. In addition, subject to applicable law, Franchisee shall obtain a written agreement, in form and substance satisfactory to Franchisor, from Franchisee's employees, landlord, contractors, and any other person having access to the Confidential Operations Manual or to whom Franchisee needs to disclose any Confidential Information, that they shall maintain the confidentiality of the Confidential Information and they shall recognize Franchisor as a third-party beneficiary with the independent right to enforce the covenants either directly in Franchisor's own name as beneficiary or acting as agent. Franchisee hereby appoints Franchisor as its agent with respect to the enforcement of these covenants. An example of a written agreement currently considered satisfactory for

employees is the Confidentiality Agreement attached as Exhibit 5. Franchisee shall be liable to Franchisor for the actions of any such individuals with respect to the Confidential Information. All executed agreements must be forwarded to Franchisor to ensure compliance. Franchisee shall retain all written Confidentiality Agreements with Franchisee's business records for the time period specified in the Confidential Operations Manual. Franchisee shall enforce all covenants and shall give Franchisor notice of any breach or suspected breach of which Franchisee has knowledge.

Franchisee shall not contest, directly or indirectly, Franchisor's ownership of or right, title or interest in Franchisor's trade secrets, methods or procedures or contest Franchisor's right to register, use or license others to use any of such trade secrets, methods and procedures. Franchisee, including its officers, directors, shareholders, partners, and employees, and any spouses, heirs, successors and assigns, are prohibited from using and/or disclosing any Confidential Information in any manner other than as permitted by Franchisor in writing.

All data that Franchisee collects from clients of the Franchised Business or through marketing is deemed to be owned exclusively by Franchisor and/or its parent, predecessor or affiliate. Franchisee must install and maintain security measures and devices necessary to protect the client data from unauthorized access or disclosure, and may not sell or disclose to anyone else any personal or aggregated information concerning any clients. Franchisee has the right to use the client data only in connection with the Franchised Business, while the Franchise Agreement is in effect. If Franchisee transfers the Franchised Business to a new owner, who will continue to operate the Franchised Business under an agreement with Franchisor, Franchisee may transfer the client data to the new owner as part of the going concern value of the business.

## 6.6. **Proprietary Marks.**

6.6.1. **Ownership.** Nothing in this Agreement assigns or grants to Franchisee any right, title or interest in or to the Proprietary Marks, it being understood that all rights relating to the Proprietary Marks are reserved by Franchisor and the owner of the Proprietary Marks who has licensed the Proprietary Marks to Franchisor ("Licensor"), except for Franchisee's license to use the Proprietary Marks only as specifically and expressly provided in this Agreement. Franchisee's use of the Proprietary Marks shall inure to the benefit of Franchisor and its parent, predecessor and affiliate, and Franchisee shall not at any time acquire any rights in the Proprietary Marks. Franchisee may not sublicense the Proprietary Marks. Franchisee shall not challenge the title or rights of Franchisor or its parent, predecessor or affiliate in and to the Proprietary Marks, or do any act to jeopardize or diminish the value of the Proprietary Marks. All goodwill associated with the Proprietary Marks and Franchisor and its parent, predecessor and affiliate's copyrighted material, including any goodwill that might be deemed to have arisen through Franchisee's activities, inures directly and exclusively to the benefit of Franchisor and its parent, predecessor and affiliate. Franchisee shall execute from time to time any and all other or further necessary papers, documents, and assurances to effectuate the intent of this Section 6.6.1 and shall fully cooperate with Franchisor and its parent, predecessor and affiliate and any other franchisees of Franchisor in securing all necessary and required consents of any state agency or legal authority to the use of any of the Proprietary Marks. Franchisor reserves the right to add, change or substitute the Proprietary Marks for use in identifying the System and the businesses operating under its System if the current Proprietary Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Proprietary Marks shall be beneficial to the System. Franchisee shall bear the cost and expense of all changes.

6.6.2. **Protection.** Franchisee shall promptly notify Franchisor of any infringement of,

or challenge to, the Proprietary Marks, and Franchisor shall in its discretion take the action it deems appropriate. Franchisee must not communicate with any person other than legal counsel and Franchisor in connection with any infringement challenge or claim. Franchisor shall indemnify and hold Franchisee harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from Franchisee's use of the Proprietary Marks in accordance with this Agreement or as otherwise set forth by Franchisor in writing if Franchisee has promptly notified Franchisor of such claim and cooperated in the defense of any claim. If Franchisor undertakes the defense or prosecution of any litigation pertaining to any of the Proprietary Marks, Franchisee agrees to execute any and all documents and do such acts and things as, in the opinion of counsel for Franchisor, are necessary to carry out such defense or prosecution.

6.6.3. **Advertising.** All advertising shall prominently display the Proprietary Marks and shall comply with any standards for use of the Proprietary Marks established by Franchisor as set forth in the Confidential Operations Manual or otherwise. Franchisor reserves the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. Franchisee shall use the Proprietary Marks, including without limitation trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by this Agreement, the Confidential Operations Manual or by prior written consent of Franchisor.

6.6.4. **Franchisee's Name.** Franchisee agrees not to use the Proprietary Marks or any part of a Proprietary Mark in its corporate name. The corporate and all fictitious names under which Franchisee proposes to do business must be approved in writing by Franchisor before use. Franchisee shall use its corporate name either alone or followed by the initials "D/B/A" and the business name of Taste Buds. Franchisee shall register at the office of the county in which the Franchised Business is located or such other public office as provided for by the laws of the state in which the Franchised Business is located as doing business under such assumed business name.

6.6.5. **Independent Status.** All stationery, business cards and contractual agreements into which Franchisee enters shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice that Franchisee operates the Franchised Business as an independently owned and operated franchise of Franchisor. Franchisee shall prominently display, by posting a sign within public view on or in the premises of the Franchised Business, a statement that clearly indicates that the Franchised Business is independently owned and operated by Franchisee.

6.6.6. **Authorized and Unauthorized Use.** At Franchisor's direction, Franchisee shall use the Proprietary Marks in conjunction with the symbol "SM," "TM" or "@", as applicable, in order to indicate the registered or unregistered status of the Proprietary Marks. Franchisee shall not use any of the Proprietary Marks in connection with the offer or sale of any unauthorized products or services or in any other manner not explicitly authorized in writing by Franchisor.

6.6.7. **Franchisor's Use of Marks.** Franchisor, its parent, predecessor and affiliate may use and register the Proprietary Marks as they deem advisable in their discretion including without limitation, developing and establishing other systems using the same or similar Proprietary Marks alone or in conjunction with other marks and granting licenses and/or franchises in connection with the same or similar Proprietary Marks without providing any rights to Franchisee.

6.6.8. **Electronic Mail and Domain Names.** Franchisee shall not use the Proprietary

Marks, or any abbreviation, variation or other name associated with the Taste Buds System or Franchisor as part of any e-mail address, domain name, and/or other identification in any electronic medium, without the prior written approval of Franchisor.

6.7. **Inspection.** At any time, without prior notice, Franchisor or its representatives or agents shall have the right to enter upon the premises of the Franchised Business and shall have unfettered access to the Franchised Business and premises, for any reason, in Franchisor's sole discretion, that Franchisor deems necessary, including, but not limited to the right to inspect Franchisee's records, interview Franchisee's employees and clients, and observe the manner in which Franchisee operates the Franchised Business. Franchisee shall allow Franchisor or its representatives or agents to make extracts from or copies of any records and to take samples of any products sold at the Franchised Business and immediately remove any unauthorized products without any payment or other liability to Franchisee. Franchisee shall allow Franchisor or its representatives or agents to take photographs, videos or any electronic record of the Franchised Business. Franchisor shall have the exclusive right to use any photograph, video, electronic record or other material prepared in connection with an inspection and to identify the Franchised Business and Franchisor shall not have any obligation to obtain further authorization, or to compensate Franchisee in any manner, in connection with the use of these materials for advertising, training or other purposes. Failure or refusal to grant Franchisor unfettered access shall be deemed a default. In the event an inspection reveals any instances of non-compliance, Franchisee must reimburse Franchisor's costs and expenses to perform a re-inspection. Additionally, in the event re-inspection reveals additional or continuing instances of non-compliance Franchisee may be subject to a compliance and action plan to cure, as determined by Franchisor in its discretion, which shall not be Franchisor's exclusive remedy.

6.8. **Changes to the System.** Franchisor may, from time to time, change the standards and specifications applicable to operation of the Franchised Business, including standards and specifications for inventory, products, services, supplies, signs, fixtures, furnishings, technology and equipment, by written notice to Franchisee or through changes in the Confidential Operations Manual. Franchisor also may from time to time eliminate and introduce new services and products. Franchisee shall immediately cease use of any products or cease offering products or services discontinued by Franchisor. Franchisee may incur an increased cost to comply with such changes, and Franchisee shall accept and implement such changes at its own expense as if they were part of the Taste Buds System when this Agreement was executed, including discontinuing or modifying the use of or substituting any of the Proprietary Marks.

6.9. **Authorized Products, Services, Supplies, and Equipment.**

6.9.1. Franchisee shall offer and sell all products and render all services that Franchisor prescribes and only those products and services that Franchisor prescribes. Franchisee may not offer any services of the Franchised Business outside the Franchised Business' premises without express consent from Franchisor. Franchisee shall have the right to suggest new products or other developments to Franchisor for use in Franchisee's and other franchisees' Franchised Businesses. Franchisee shall have no right to offer any products to its clients or use any new developments until Franchisor has had the opportunity to test the new products or developments and provide Franchisee written approval for their use and standards and specifications with respect to their use. All new products and developments relating to the operation of a Kitchen or the System, including ancillary service or product offerings, whether they are of Franchisee's original design or variations of existing products or System techniques, shall be deemed works made for hire and Franchisor shall own all rights in them. If these products and developments do not qualify as works made for hire, by signing this Agreement Franchisee assigns to Franchisor ownership of any and all rights in these developments and the goodwill associated with them. Franchisee shall receive

no payment or adjustment from Franchisor in connection with any new products or developments.

6.9.2. Franchisee shall use in the operation of the Franchised Business only such products, supplies and equipment as are specified by Franchisor in the Confidential Operations Manual, or otherwise in writing by Franchisor. Franchisee acknowledges and agrees that these may be changed periodically by Franchisor and that Franchisee is obligated to conform to the requirements as so changed.

6.9.3. Franchisor shall have the exclusive right in its sole discretion to vary from the authorized products in establishing the authorized product line for the Franchised Business. Complete and detailed uniformity under many varying conditions may not always be possible or practical and Franchisor reserves the right and privilege, at its sole discretion, to vary not only the products but other standards for any System franchisee based upon the customs or circumstances of a particular site or location, density of population, business potential, population of trade area, existing business practices, or any condition which Franchisor deems to be of importance to the operation of that franchisee's business.

6.9.4. Franchisee shall at all times use and maintain only such products, equipment, supplies and services as Franchisor specifies, which Franchisee shall obtain before opening the Franchised Business. As any products, equipment, supplies or services may become obsolete or inoperable, Franchisee shall replace the same with such products, equipment, supplies and services as are then being used in new Taste Buds franchises at the time of replacement.

6.9.5. Franchisee acknowledges that Franchisor reserves the right to develop a point of sale (POS) system and a backroom computer system for use in connection with the System. Franchisee shall acquire computer hardware equipment, software, maintenance contracts, telecommunications infrastructure products and credit card processing equipment and support services as Franchisor reasonably requires in connection with the operation of the Franchised Business and all additions, substitutions and upgrades Franchisor shall specify. Franchisee shall have thirty (30) days to comply with any changes to hardware or software. Franchisee's computer system must be able to send and receive email and attachments on the Internet and provide access to the World Wide Web and otherwise support Franchisor's then-current information technology system. Franchisee must use any Taste Buds supplied e-mail address in all business communications with customers, vendors or suppliers. Franchisor owns all Taste Buds e-mail addresses and has full access to all communications sent and received using those addresses. If Franchisee requires more email addresses than Franchisor provides, it will be at Franchisor's then-current fee for same. Franchisor shall have the right to access information through the Point of Sale system related to operation of the Taste Buds Franchised Business, from a remote location, at such times and in such manner as Franchisor shall require, in its sole discretion and shall have the right to disclose the information and data contained therein to a third party and/or the System. Franchisee is also required to install a camera system at the Franchised Business and, upon request, must provide Franchisor with access to evaluate an event and/or the facility. All Franchisee employees and customers must sign documentation acknowledging that they may be monitored and recorded (visual and audio) and agreeing to same.

6.9.6. Franchisee acknowledges that the quality and consistency of the products and services offered to Franchisee's clients are essential conditions of this Agreement. Accordingly, Franchisee shall purchase all products, packaging, equipment, and other specified items exclusively in accordance with Franchisor's standards and specifications as provided in Section 6.2. Franchisor is not obligated to approve or consider for approval any item or supplier not specified by it.

6.10. **Pending Actions.** Franchisee shall notify Franchisor, in writing, within five (5) days of

the commencement of any action, suit or proceeding and of the issuance of any order, suit or proceeding of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of Franchisee or the Franchised Business.

6.11 **Media.** Franchisee is prohibited from speaking with the media and/or responding to requests for comment, without Franchisor's express written permission. Only Franchisor may handle public relations on behalf of Taste Buds. Franchisee must notify Franchisor immediately of all customer complaints and of any potential crisis situations involving the Franchised Business, including but not limited to any accident or injury that occurs on the property operated by the Franchised Business.

6.12 **Customer Service.** Every detail of the quality of client service, client relations, appearance and demeanor of Franchisee and its employees and/or independent contractors, equipment and materials used by Franchisee in the Franchised Business is important to Franchisor and to other Taste Buds kitchens. Franchisee must cooperate with Franchisor by maintaining its high standards in the operation of the Franchised Business and must give prompt, courteous and efficient service to all clients. All work performed by the Franchised Business will be performed competently and in a workmanlike manner. The Franchised Business will in all dealings with its clients, suppliers and the public adhere to the highest standards of honesty, fair dealing and ethical conduct. Any complaints Franchisee receives from a client must be handled by Franchisee or its General Manager. Franchisor may perform customer surveys via any method Franchisor deems appropriate and may require Franchisee to participate in any survey program, at Franchisee's cost.

## 7. ACKNOWLEDGMENTS OF FRANCHISEE.

7.1. **Independent Contractor Status.** Franchisee is an independent contractor, responsible for full control over the management and daily operation of the Franchised Business, and neither Franchisor nor Franchisee is the agent, principal, partner, employee, employer or joint venturer of the other. Franchisee shall not act or represent itself, directly or by implication, as an agent, partner, employee or joint venturer of Franchisor, nor shall Franchisee incur any obligation on behalf of or in the name of Franchisor.

7.2. **Indemnification.** Franchisee shall defend, indemnify and hold Franchisor and its parents, predecessors, affiliates, and any of its/their respective officers, directors, managers, members, partners, shareholders, independent contractors and employees (the "Indemnified Parties") harmless from all fines, suits, proceedings, claims, demands, liabilities, injuries, damages, expenses, obligations or actions of any kind (including costs and reasonable attorneys' fees) arising in whole or in part from Franchisee's ownership, operation or occupation of the Franchised Business, performance or breach of its obligations under this Agreement, breach of any warranty or representation in this Agreement or from the acts or omissions of Franchisee, its employees or agents, including its advertising of the Franchised Business, except as otherwise provided in this Agreement. Franchisor and any Indemnified Party shall promptly give Franchisee written notice of any claim for indemnification under this Section 7.2. Any failure to give the notice shall not relieve Franchisee of any liability under this Agreement except to the extent the failure or delay causes actual material prejudice. Franchisor shall have the right to control all litigation and defend and/or settle any claim against Franchisor or other Indemnified Parties affecting Franchisor's interests, in any manner Franchisor deems appropriate. Franchisor may also retain its own counsel to represent Franchisor or other Indemnified Parties and Franchisee shall either advance or reimburse Franchisor's costs, at Franchisor's discretion. Franchisor's exercise of this control over the litigation shall not affect its rights to indemnification under this Section 7.2. Franchisee may not consent to the entry of judgment with respect to, or otherwise settle, an indemnified claim without the prior written consent of the applicable Indemnified

Parties. Franchisor and the other Indemnified Parties do not have to seek recovery from third parties or otherwise attempt to mitigate losses to maintain a claim to indemnification under this Section 7.2. The provisions of this Section 7.2 shall survive the termination or expiration of this Agreement.

7.3. **Payment of Debts.** Franchisee understands that it alone, and not Franchisor, is responsible for selecting, retaining and paying its employees; the payment of all invoices for the purchase of inventory and goods and services for use in the Franchised Business; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct and operation of the Franchised Business.

7.4. **Noncompetition.**

7.4.1. **During the Term of This Agreement.** During the term of this Agreement, neither Franchisee, its equity owners nor any spouse of Franchisee or its equity owners shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed by, or have any interest in any other business of a character and concept similar to the Kitchen, including a culinary entertainment business which offers and sells the same or substantially similar products (a “Competing Business”); provided, however, that this Section shall not apply to Franchisee's operation of any other Franchised Business.

During the term of this Agreement, neither Franchisee, its equity owners nor any spouse of Franchisee or its equity owners shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation solicit business from clients of Franchisee's Franchised Business for any competitive business purpose.

During the term of this Agreement, neither Franchisee, its equity owners nor any spouse of Franchisee or its equity owners shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership, corporation or other entity own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing in whole or in part with Franchisor.

7.4.2. **After the Term of This Agreement.** For a period of 2 years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any spouse of Franchisee or its equity owners shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed by, or have any interest in any Competing Business within the Territory, within a radius of 20 miles (as the crow flies) of the Territory, or within 20 miles of any other Taste Buds kitchen in operation or under construction, or of any site for which Franchisee has knowledge that a lease has been signed or discussions are under way for a Taste Buds kitchen; provided, however, Franchisee may continue to operate any other Franchised Business for which Franchisee and Franchisor have a current franchise agreement.

For a period of 2 years (or the maximum period allowed by law, if shorter) after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any spouse of Franchisee or its equity owners shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation solicit business from clients of Franchisee's former Franchised Business for any competitive business purpose nor solicit any employee of Franchisor or any other Taste Buds System franchisee to discontinue his employment with



Franchisor or any other System franchisee.

For a period of 2 years (or the maximum period allowed by law, if shorter) after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any spouse of Franchisee or its equity owners shall, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership, corporation or other entity own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing in whole or in part with Franchisor.

**7.4.3. Intent and Enforcement.** It is the intent of the parties that the provisions of this Section 7.4 shall, to the fullest extent permissible under applicable law, be judicially enforced; accordingly, any reduction in scope or modification of any part of the noncompetition provisions contained in this Agreement shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 7.4 by Franchisee, any of its equity owners or any spouse of Franchisee or any of its equity owners, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. In the event of the actual or threatened breach of this Section 7.4, Franchisor's harm shall be irreparable and Franchisor shall have no adequate remedy at law to prevent the harm. Franchisee acknowledges and agrees on its own behalf and on behalf of the persons who are liable under Section 7.4 that each has previously worked or been gainfully employed in other fields and that the provisions of Section 7.4 in no way prevent any of these persons from earning a living. Franchisee further acknowledges and agrees that the provisions of Section 7.4 shall be tolled during any default of this Agreement.

**7.4.4. Publicly-Owned Entity.** This Section 7.4 shall not apply to any ownership by Franchisee or any other person subject to Section 7.4 of a beneficial interest of less than 1% in the outstanding securities or partnership interests in any publicly-held entity.

**7.4.5. Non-Disparagement.** During the term of this Agreement and for a period of 2 years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause Franchisee agrees not to disparage Franchisor, its parents, affiliate or any of their current and former employees, officers or directors. During the term of the Agreement, Franchisee also agrees not to do or perform any act harmful, prejudicial or injurious to Franchisor or the Taste Buds System.

**7.5. Telephone.** Franchisee shall obtain at its own expense a new telephone number and listing, to be listed under the Taste Buds name and not under Franchisee's corporate, partnership, or individual name, to be used exclusively in connection with Franchisee's operation of the Franchised Business. Upon the expiration and nonrenewal, transfer or termination of this Agreement for any reason, Franchisee shall terminate its use of such telephone number and listing and assign same to Franchisor or its designee and Franchisee shall execute Franchisor's form of Telephone, Internet Websites and Listings Agreement (a copy of Franchisor's current form is attached as Exhibit 10). The Franchised Business shall be serviced by a suitable telephone system approved by Franchisor. Franchisee shall answer the telephone in the manner set forth by Franchisor in the Confidential Operations Manual or otherwise.

**7.6. Insurance.** At all times during the term of this Agreement and at its own expense, Franchisee shall obtain and keep in force at a minimum the insurance required by Franchisor in the Confidential Operations Manual or otherwise. If the lease for the Franchised Business requires Franchisee to purchase insurance with higher limits than those Franchisor specifies, the lease insurance requirements shall control. All insurance policies shall contain a separate endorsement using ISO form CG2029 or equivalent (no blanket additional insured language is acceptable) naming Franchisor, its officers, directors,

managers, members, limited partners, general partners, shareholders, parents, affiliates, independent contractors and employees as additional insureds, and shall expressly provide that any interest of an additional insured shall not be affected by Franchisee's breach of any policy provisions or any negligence on the part of an additional insured. All policies shall also include a waiver of subrogation in favor of the additional insureds. All insurance must be written by an insurance carrier with an A. M. Best and Standard and Poor's rating of at least "A-" or better. All policies shall be written by an insurance carrier accepted in writing by Franchisor. Franchisor may require that Franchisee obtain coverage from a carrier it designates or using a broker it designates. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier shall remain a going concern or capable of meeting claim demands during the term of the insurance policy. Defense costs cannot erode policy limits. No insurance policy shall be subject to cancellation, termination, nonrenewal or material modification, except upon at least 30 days' prior written notice from the insurance carrier to Franchisor. Upon Franchisor's request, Franchisee shall provide Franchisor with a currently issued certificate of insurance evidencing coverage in conformity with the provisions of this Section 7.6. If Franchisee fails to comply with at least the minimum insurance requirements set forth by Franchisor, Franchisor may obtain the insurance and keep the insurance in force and effect and Franchisee shall pay Franchisor, on demand, the cost of the premium plus Franchisor's then-current administrative fee in connection with obtaining the insurance. Franchisor may also choose to terminate the Franchise Agreement for failure to obtain required insurance. Franchisor may increase or otherwise modify the minimum insurance requirements upon 30 days prior written notice to Franchisee, and Franchisee shall comply with any such modification. Franchisee's obligation to obtain the required policies in the amounts specified is not limited in any way by any insurance Franchisor maintains. Franchisee's obligation to maintain the insurance does not relieve Franchisee of any liability under the indemnity provisions of Section 7.2. If Franchisee will be engaging in any construction, renovation or build-out of the premises for the Franchised Business, either Franchisee or Franchisee's third party contractor must have in force for the duration of said project, Commercial General Liability insurance and Worker's Compensation and Employer's Liability insurance in the amounts required by Franchisor as well as Builder's Risk insurance in an amount approved by Franchisor.

7.7. **Publicity.** Franchisee shall permit Franchisor or its designee, at Franchisor's expense, to enter upon the premises of the Franchised Business, both interior and exterior, for the purpose of taking or making photographs, slides, drawings, or other such images ("pictures") of the Franchised Business. Franchisee agrees that Franchisor may use the pictures for publicity and other legal purposes without any remuneration to Franchisee in connection with the use of the pictures. Franchisor also reserves the right to require Franchisee to place a "franchises available" sign at a location Franchisor designates at the Franchised Business.

7.8. **Distribution.** Franchisor or its affiliates may distribute products identified by the Proprietary Marks or other marks owned or licensed by Franchisor or its affiliates through any distribution method which periodically may be established or licensed by Franchisor or its affiliates and may franchise or license others to do so, except as otherwise set forth in this Agreement.

7.9. **Image.** The Taste Buds System has been developed to deliver products and services which distinguish Taste Buds kitchens from other businesses which offer similar products and services. Therefore, Franchisor requires Franchisee to offer products and services and operate the Franchised Business in such a manner which shall serve to emulate and enhance the image intended by Franchisor for the Taste Buds System. Each aspect of the Taste Buds System is important not only to Franchisee but also Franchisor, its parent, predecessor and affiliate, and other Taste Buds franchisees in order to maintain the highest operating standards, achieve system wide uniformity and increase the demand for the products sold and services

rendered by Taste Buds System franchisees, Franchisor and its parent, predecessor and affiliate. Franchisee shall comply with the standards, specifications and requirements set forth by Franchisor in order to uniformly convey the distinctive image of a Taste Buds kitchen.

## 8. SALE OR TRANSFER

8.1. **Consent to Transfer.** Franchisee's rights under this Agreement are personal, and if Franchisee is an individual, Franchisee shall not change, sell, transfer, assign or encumber his/her/their percentage of ownership interest in this Agreement or the Franchised Business, without the prior written consent of Franchisor. Any unauthorized transfer by Franchisee shall constitute a material breach of the Agreement and shall be voidable by Franchisor. If Franchisee is an entity, Section 8.3 shall govern.

8.2. **Death or Disability.** In the event of the death, disability or incapacity of any individual Franchisee or officer or director or member of an incorporated Franchisee or limited liability company or partner of a partnership Franchisee, should the decedent's or disabled or incapacitated person's executor, heir or legal representative, or the business entity, as the case may be, wish to continue as Franchisee under this Agreement, such person shall apply for Franchisor's consent, execute the then-current franchise agreement, and complete the training program to Franchisor's satisfaction, as applicable, as in any other case of a proposed transfer of Franchisee's interest in this Agreement. Such assignment by operation of law shall not be deemed a violation of this Agreement, provided the heirs or legatees or business entity meet the conditions imposed by this Agreement and are acceptable to Franchisor.

If Franchisee is a business entity, this Agreement shall continue in effect upon the death of the largest equity owner, provided that the active management of the business entity shall remain stable and reasonably satisfactory to Franchisor in its sole discretion.

Franchisee's executor, heir or legal representative shall have 60 days from the date of death, disability or incapacity to designate an operator that is acceptable to Franchisor and within 90 days must execute Franchisor's then-current franchise agreement or transfer the franchise rights and business upon the terms and conditions set forth in this Agreement (except that the term shall be the balance of Franchisee's term). At the conclusion of the balance of the term, the new franchisee may exercise any or all of the then applicable renewal rights.

8.3. **Entity Ownership Changes.** A transfer requiring the prior written consent of Franchisor shall be deemed to occur upon any sale, transfer, assignment or encumbrance of any of Franchisee's interest in this Agreement or the Franchised Business. Additionally, a transfer requiring consent shall also be deemed to occur: (i) if Franchisee is a corporation or limited liability company, upon any change, assignment, sale, pledge or transfer of any of the voting stock or membership interests of Franchisee including any ownership restructuring of Franchisee or of any owners of Franchisee; or (ii) if Franchisee is a partnership, upon the change, assignment, sale, pledge or transfer of any partnership ownership, including an ownership restructuring of Franchisee or of any owners of Franchisee. Franchisee shall notify Franchisor of any change in stock ownership, membership interests or partnership ownership interests in Franchisee while this Agreement is in effect which shall result in a change, sale, transfer or assignment within the meaning of this Section 8.3. A transfer as a result of the death, disability or incapacity of a partner, shareholder or member in accordance with Section 8.2, or a transfer to an inter vivos trust where the transferring Franchisee, partner, shareholder or member is the only grantor beneficiary other than a spouse, shall not be a violation of this Agreement or a ground for termination; any such ownership change shall not be subject to Franchisor's right of first refusal under Section 8.3.1. Any unauthorized transfer by Franchisee

shall constitute a material breach of the Agreement and shall be voidable by Franchisor.

**8.3.1. Right of First Refusal.** If Franchisee or its equity owners propose to transfer or assign any of Franchisee's interest in this Agreement or in the business conducted under this Agreement or in Franchisee to any third party (other than as specifically excluded herein) in connection with a bona fide offer from such third party, Franchisee or its equity owners shall first offer to sell to Franchisor, Franchisee's or its equity owners' offered interest. Franchisee or its equity owner shall obtain from the third party offeror an earnest money deposit (of at least 15% of the offering price) and deliver to Franchisor a statement in writing, signed by the offeror and by Franchisee, of the terms of the offer. In the event of Franchisee's insolvency or the filing of any petition by or against Franchisee under any provisions of any bankruptcy or insolvency law, an amount and terms of purchase shall be established by an appraiser chosen by the bankruptcy court or by the chief judge of the federal district court of Franchisee's district and Franchisee or Franchisee's legal representative shall deliver to Franchisor a statement in writing incorporating the appraiser's report. Franchisor shall then have 30 days from its receipt of either statement to accept the offer by delivering written notice of acceptance by Franchisor or its nominee to Franchisee or its equity owner. The acceptance shall be on the same terms as stated in the statement delivered to Franchisor; provided, however, Franchisor or its nominee shall have the right to substitute equivalent cash for any noncash consideration included in the offer. If the parties cannot agree within a reasonable time on the equivalent cash for any noncash consideration, Franchisor shall designate an independent appraiser and the appraiser's determination shall be binding. If Franchisor or its nominee elects not to accept the offer within the 30 day period, Franchisee or its equity owner shall be free for 90 days after such period to complete the transfer described in the statement delivered to Franchisor, but only with the prior written consent of Franchisor and subject to the conditions for approval set forth in Section 8.3.2. Franchisee and its equity owners shall affect no other sale or transfer of this Agreement or Franchisee's interest in this Agreement or the business conducted under this Agreement or the interest in Franchisee, without first offering or reoffering the same to Franchisor in accordance with this Section 8. If in Franchisor's opinion there is a material change in the terms of the offer, the offer shall be deemed a new proposal and Franchisee or its equity owner shall be required to grant Franchisor or its nominee a right of first refusal with respect to such offer.

**8.3.2. Conditions for Approval.** Franchisor may condition its approval of any proposed sale, assignment, encumbrance or transfer of the Franchised Business or of Franchisee's interest in this Agreement or of the interest in Franchisee or its owners upon satisfaction of the following requirements:

8.3.2.1. All of Franchisee's accrued monetary obligations to Franchisor, its parent, predecessor or affiliate and any supplier for the Franchised Business have been satisfied;

8.3.2.2. All existing defaults under the Franchise Agreement or any other agreement with Franchisor or its affiliates have been cured within the period permitted for cure;

8.3.2.3. Franchisee and its equity owners, if Franchisee is a business entity, has executed a general release under seal, in a form satisfactory to Franchisor of any and all claims against Franchisor and its parent, predecessor and affiliate and their officers, directors, partners, shareholders, agents, employees, attorneys and accountants in their corporate and individual capacities; provided, however, the release shall not release any liability specifically provided for by any applicable state statute regulating franchising;

8.3.2.4. Franchisee has provided Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules;

8.3.2.5. The transferee has demonstrated to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations of this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business, chain or network which is similar in nature or in competition with Franchisor or any Taste Buds kitchen, except that the transferee may be an existing franchisee of Franchisor;

8.3.2.6. The transferee has executed Franchisor's then-current Franchise Agreement, at Franchisor's option;

8.3.2.7. Franchisee has complied, to Franchisor's satisfaction, or Franchisee or the transferee have agreed to comply with and have made arrangements satisfactory to the Franchisor to comply with all obligations to remodel, refurbish, and improve the Franchised Business as required by this Agreement to conform to Franchisor's then-current standards and trade dress;

8.3.2.8. Franchisee or transferee has paid Franchisor a transfer fee equal to \$20,000, plus applicable broker fees;

8.3.2.9. The transferee or the Operating Principal, and its General Manager shall complete Franchisor's training program to Franchisor's satisfaction at the transferee's own expense within the time frame set forth by Franchisor; and

8.3.2.10. Franchisee acknowledges and agrees that the post-termination provisions of this Agreement including, without limitation, the non-competition provisions, shall survive the transfer of the Franchised Business.

8.3.2.11. Franchisor, Franchisee, Transferee and any Guarantors enter into Franchisor's then-current form of Transfer Agreement. Franchisor's current form of Transfer Agreement is attached hereto and Exhibit 8.

8.3.2.12. The Transferee demonstrates it has received approval from the landlord to take over possession of the Franchised Business' lease.

8.4. **Transfer to a Corporation or Limited Liability Company.** If Franchisee is one or more individuals or a partnership, Franchisee may do a one-time assignment of its rights under this Agreement to a corporation or limited liability company for convenience of ownership, provided:

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

8.4.2. Franchisee owns 100% of the outstanding shares of the corporation or interests in the limited liability company, and if Franchisee is more than one individual each individual shall have the same proportionate ownership interest in the new entity that he or she had in this Agreement and the Franchised Business prior to the transfer, otherwise the transfer may be considered a regular transfer subject

to payment of a transfer fee;

8.4.3. The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations under this Agreement in a form acceptable to Franchisor (a copy of Franchisor's current form agreement is attached as Exhibit 9);

8.4.4. All stockholders of the corporation, or members and managers of the limited liability company, and any spouses, personally guarantee prompt payment and performance by the corporation or limited liability company, as applicable, of all its obligations to Franchisor under the Agreement and agree to all covenants, including all non-competition covenants set forth in Section 7.4;

8.4.5. Each stock certificate of the corporate franchisee shall have conspicuously endorsed upon its face a statement, in a form satisfactory to Franchisor, that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; the operating agreement of any limited liability company and any membership certificates shall contain a similar limitation; and

8.4.6. Franchisee shall promptly provide Franchisor a copy of, as applicable: (i) the transferee corporation's Articles of Incorporation, Bylaws, resolutions including, without limitation, the resolutions of the Board of Directors authorizing entry into this Agreement; or (ii) the limited liability company's certificate of organization; and all other governing documents.

Franchisee is not required to pay Franchisor a transfer fee with respect to a transfer in accordance with this Section 8.4. However, Franchisor may seek reimbursement of its expenses in connection with a transfer under this Section 8.4.

#### 8.5. **Secured Interests and Securities.**

8.5.1. Franchisee shall not grant, and shall not permit a transfer in the nature of a grant, of a security interest in this Agreement.

8.5.2. If Franchisee is a corporation, it shall maintain stop transfer instructions against the transfer on its records of any securities with voting rights subject to the restrictions of this Section 8 and shall issue no such securities upon the face of which the following printed legend does not legibly and conspicuously appear:

The transfer of this stock is subject to the terms and conditions of a Franchise Agreement between [Franchisor] and the corporation dated \_\_\_\_\_, 20\_\_\_\_. Reference is made to the Franchise Agreement and to the Articles of Incorporation and Bylaws of this corporation.

8.6. **Transfer by Franchisor.** Franchisor may sell, transfer, assign and/or encumber all or any part of its interest in itself or the Franchise Agreement.

### 9. **BREACH AND TERMINATION**

9.1. **Termination by Franchisee.** Franchisee may terminate this Agreement for cause if

Franchisor is in breach of any material provision of this Agreement, by giving Franchisor written notice within 60 days of the event or circumstances giving rise to the breach. Franchisee must be in material compliance with this Agreement. The notice shall state specifically the nature of the breach and allow Franchisor 90 days after receipt of the notice to correct the breach. Franchisee's failure to give timely written notice of any breach shall be deemed to be a waiver of Franchisee's right to complain of that breach. If Franchisor fails to cure any material breach within the 90 day cure period, Franchisee may terminate this Agreement for that reason by providing written notice to Franchisor, except if the breach is not susceptible to cure within 90 days, but Franchisor takes action within 90 days to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, Franchisor shall be deemed to have timely cured the breach. Franchisee's termination will be effective only if Franchisee signs all documentation that Franchisor requires, including a release. Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

**9.2. Termination by Franchisor.** If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers a notice of termination, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for which Franchisor is an approved supplier. Franchisor may terminate this Agreement under the following circumstances:

**9.2.1. With Cause and With Opportunity to Cure.** If Franchisee is in breach of any material provision of this Agreement not listed in Section 9.2.2, by giving Franchisee written notice of the event or circumstances giving rise to the breach. The notice will state specifically the nature of the breach and allow Franchisee the following amount of time to correct the breach after receipt of notice:

- (i) 10 days if the failure relates to Franchisee's failure to retain a qualified replacement General Manager in the time period required;
- (ii) 15 days if the failure relates to Franchisee's failure to make any payment of money to Franchisor or its parent, predecessor or affiliate; and
- (iii) 30 days if the failure relates to Franchisee's failure to make any payment of money to any other third party (other than Franchisor or its parents, predecessors or affiliates) or for any other breach not listed in this Section 9.2.1 or in Section 9.2.2.

If Franchisee fails to cure any material breach within the applicable cure period, Franchisor may terminate this Agreement for that reason by providing written notice to Franchisee, except if the breach is not susceptible to cure within the time permitted, but Franchisee takes action within the time permitted to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, Franchisee shall be deemed to have timely cured the breach. For purposes of this Agreement, Franchisee's alleged breach of this Agreement shall be deemed cured if both Franchisor and Franchisee agree in writing that the alleged breach has been corrected. Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

**9.2.2. With Cause and Without Opportunity to Cure.** Franchisor may terminate this Agreement upon written notice without giving Franchisee opportunity to cure for any of the following breaches or defaults:

(i) **Criminal Acts.** If Franchisee or any owner of Franchisee is convicted of or pleads guilty or no contest to a felony or commits any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the Franchised Business, the System or goodwill of the Proprietary Marks.

(ii) **Fraud.** If Franchisee or any owner of Franchisee commits fraud in the operation of the Franchised Business.

(iii) **Misrepresentation.** If Franchisee or any owner of Franchisee misrepresents anything in any way (including through omission of information) in connection with the franchise application.

(iv) **Voluntary Bankruptcy.** If Franchisee or any owner of Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated a bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business or has a levy against Franchisee's business property.

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

(vi) **Liens.** If a levy or writ of attachment or execution or any other lien is placed against Franchisee, any partner of Franchisee if Franchisee is a partnership, or any guarantor of Franchisee under Section 14 or any of their assets which is not released or bonded against within 60 days.

(vii) **Insolvency.** If Franchisee, any partner of Franchisee, or the majority equity owner of Franchisee is insolvent.

(viii) **Repeated Breaches.** If Franchisor sends Franchisee 3 or more written notices to cure any default in any 12 month period.

(ix) **Breach of Other Agreements.** If Franchisee or any owner of Franchisee materially breaches any other agreement with: Franchisor, its parent, predecessor or affiliate.

(x) **Intentional Underreporting or Misstatement.** If Franchisee or any owner intentionally underreports or misstates any information required to be reported to Franchisor under this Agreement, including but not limited to Gross Revenues required to be reported under this Agreement or otherwise maintains false books or records.

(xi) **Abandonment.** If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "abandon" means conduct of Franchisee which indicates a desire or intent to discontinue the Franchised Business in accordance with the terms of this Agreement and shall apply in any event if Franchisee fails to operate the Franchised Business as a Taste Buds kitchen for a period of 3 or more consecutive days without the prior written approval of Franchisor.



(xii) **Failure to Open Franchised Business or Open Without Authorization.** If Franchisee fails to open the Franchised Business during the time periods set forth in this Agreement or opens without obtaining the required approvals.

(xiii) **Public Health and Safety.** If a threat or danger to public health or safety results from the maintenance or operation of the Franchised Business or any violation of health or safety law occurs at the Franchised Business.

(xiv) **Restrictive Covenants.** Upon any violation of any restrictive covenants set forth in this Agreement (including those regarding confidentiality and competition) or failure to execute any required covenants.

(xv) **Failure to Locate an Approved Site.** If Franchisee fails to locate a suitable Approved Location in the time period required.

(xvi) **Insurance.** If Franchisee fails to maintain required insurance coverage.

(xvii) **Unauthorized Transfer or Failure to Transfer.** If a transfer occurs without meeting the requirements set forth in Section 8 of this Agreement or if a transfer does not occur as required following an event of death or disability.

(xviii) **Failure to Complete Training.** If Franchisee or any required employee fails to complete training to Franchisor's satisfaction.

(xix) **Loss of Occupancy.** If Franchisee loses the right to occupy the Franchised Business premises.

(xx) **Dissolution.** If Franchisee is an entity and becomes dissolved.

(xxi) **Proprietary Marks.** If Franchisee or any owner uses the Proprietary Marks in an unauthorized manner.

(xxii) **Breach of Law.** If Franchisee or its owners breaches any applicable law in relation to the operation of the Franchised Business.

(xxiii) **Insufficient Funds.** If there are 3 or more insufficient funds fees in any 12 months period.

(xxiv) **Unauthorized Sales.** If Franchisee sells unauthorized products or services or sells products or services at an unauthorized location or in an unauthorized forum.

9.3. **Nonwaiver.** Franchisor's delay in exercising or failure to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due under this Agreement or any other agreement between Franchisor and Franchisee or Franchisor's consent to a transfer of any interest in Franchisee shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

9.4. **Liquidated Damages.** If Franchisor terminates this Agreement for Cause, Franchisee must pay, within 15 days after the effective date of termination, liquidated damages equal to the average monthly Royalty Fees owed to Franchisor during the 12 months of operation preceding the effective date of

termination (or the period of operation if less than 12 months) multiplied by: (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher.

## 10. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

10.1. **Franchisee's Obligations.** Upon termination of this Agreement by either Franchisor or Franchisee, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee shall:

10.1.1. Cease immediately all operations under this Agreement;

10.1.2. Pay immediately to Franchisor all unpaid fees and pay Franchisor, its parent, predecessor or affiliate and any supplier for the Franchised Business all other monies owed them;

10.1.3. Discontinue immediately the use of the Proprietary Marks;

10.1.4. Immediately return the Confidential Operations Manual to Franchisor and all other manuals and Confidential Information loaned to Franchisee by Franchisor and immediately cease to use the Confidential Information (all electronically stored copies should be deleted once returned to Franchisor);

10.1.5. Immediately cease using all telephone numbers and listings used in connection with the operation of the Franchised Business and direct the telephone company and/or internet provider to transfer all such numbers and listings to Franchisor or its designee or, if Franchisor so directs, to disconnect the numbers;

10.1.6. Promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks as directed by Franchisor and all items which are a part of the trade dress of the Taste Buds System;

10.1.7. Sell to Franchisor or its designee, at Franchisor's option, (i) all inventory in useable form bearing the Proprietary Marks and (ii) any furnishings, equipment, seating, tables, desks signs or fixtures Franchisor elects to purchase at the original purchase price thereof or at its then-current value if less than the original purchase price, in Franchisor's judgment, within 15 days following the date of termination or expiration;

10.1.8. If Franchisor elects to assume Franchisee's lease, immediately vacate the premises or, if Franchisor does not elect, immediately change the appearance of the premises inside and outside, including trade dress, signs, furnishings and fixtures, so that they no longer resemble a Taste Buds kitchen and to protect the Proprietary Marks, including any changes Franchisor specifically requests. If Franchisee fails to make the modifications or alterations, Franchisor will have the right to re-enter the premises and do so and charge Franchisee its costs plus a reasonable administrative fee in its sole discretion;

10.1.9. Cease to hold itself out as a franchisee of Franchisor;

10.1.10. Take action necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark licensed by Franchisor and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within 30

calendar days after the termination, expiration or transfer of this Agreement;

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

10.1.12. Comply with the post-termination covenants set forth in Section 7.4, all of which shall survive the transfer, termination or expiration of this Agreement.

10.1.13. Sign a release (subject to state law)

10.1.14. Pay liquidated damages as required under this agreement (if applicable).

10.2. **Power of Attorney.** Franchisor is hereby irrevocably appointed as Franchisee's attorney-in-fact to execute in Franchisee's name and on Franchisee's behalf all documents necessary to discontinue Franchisee's use of the Proprietary Marks and the Confidential Information.

## 11. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be either personally delivered; sent by nationally recognized overnight courier (Ex: FedEx); sent by certified or registered mail, return receipt requested; or sent by email (provided that the sender also sends a copy by certified or registered mail or recognized overnight courier contemporaneously) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party. Notwithstanding the foregoing, Franchisee's knowledge of a change in Franchisor's principal place of business shall be deemed adequate designation of a change and notice shall be sent to Franchisor's new address.

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

Franchisor: 800-D Abruzzi Drive  
Chester, MD 21619

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of email, upon confirmation of receipt (or confirmation of delivery via contemporaneous methods required above, whichever occurs first) or, in the case of overnight courier, on the next business day after mailing, or in the case of registered or certified mail, three (3) business days after the date and time of mailing.

## 12. INTERPRETATION

12.1. **Amendments.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. NOTHING IN THIS AGREEMENT IS INTENDED TO DISCLAIM ANY INFORMATION CONTAINED IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT.

12.2. **Choice of Law and Selection of Venue.** Except as otherwise set forth in this Section

12.2, this Agreement shall be governed by the laws of the State of Maryland. Any action at law or equity instituted against either party to this Agreement shall be commenced only in the then-current State and County where Franchisor's corporate headquarters is located. Franchisee hereby irrevocably consents to the personal jurisdiction of the courts in the then-current State or County where Franchisor's corporate headquarters is located, as set forth above.

12.3. **Injunctive Relief.** Nothing in this Agreement shall prevent Franchisor from obtaining injunctive relief against actual or threatened conduct that shall cause it loss or damages, in any appropriate forum under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

12.4. **Construction of Language.** The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. The BACKGROUND Section at the beginning of this Agreement contains contractual terms that are not mere recitals.

12.5. **Successors.** References to Franchisor or Franchisee include their successors, assigns or transferees, subject to the limitations of this Agreement.

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

12.7. **No Right to Offset.** Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or its parent, predecessor or affiliate or as an offset against any amount Franchisor or any of its parent, predecessor or affiliate may owe or allegedly owe Franchisee under this Agreement or any related agreements.

12.8. **Force Majeure.** Neither Franchisor, its parent, predecessor or affiliate nor Franchisee shall be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause shall extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or shall excuse performance, in whole or in part, as Franchisor deems reasonable, provided however, in the event that any such delay (i) extends any deadline to open or (ii) prevents the operation of the Franchised Business, in excess of ninety (90) days, Franchisor may, at its option, terminate this Agreement. Nothing herein shall extend the timing for the payment of fees owed by Franchisee to Franchisor nor excuse payment.

12.9. **Rights Cumulative.** No right or remedy under this Agreement shall be deemed to be exclusive of any other right or remedy under this Agreement or of any right or remedy otherwise provided by law or and equity. Each right and remedy will be cumulative.

12.10. **PARTIES. THE SOLE ENTITY AGAINST WHICH FRANCHISEE MAY SEEK DAMAGES OR ANY REMEDY UNDER LAW OR EQUITY FOR ANY CLAIM IS FRANCHISOR OR ITS SUCCESSORS OR ASSIGNS. THE SHAREHOLDERS, MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND REPRESENTATIVES OF FRANCHISOR AND OF ITS PARENT, PREDECESSOR OR AFFILIATES SHALL NOT BE NAMED AS A PARTY IN ANY LITIGATION OR OTHER PROCEEDINGS COMMENCED BY FRANCHISEE IF THE CLAIM ARISES OUT OF OR RELATES TO THIS AGREEMENT.**

12.11. **LIMITATION OF LIABILITY. TO THE EXTENT PERMITTED BY LAW, IN NO EVENT SHALL FRANCHISOR BE LIABLE FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, PUNITIVE OR ANY OTHER DAMAGES THAT ARE NOT DIRECT DAMAGES, REGARDLESS OF THE NATURE OF THE CLAIM FOR DAMAGES.**

12.12. **JURY TRIAL WAIVER. FRANCHISOR AND FRANCHISEE, RESPECTIVELY, WAIVE ANY RIGHT EITHER MIGHT HAVE TO TRIAL BY JURY ON ANY AND ALL CLAIMS ASSERTED AGAINST THE OTHER. FRANCHISOR AND FRANCHISEE, RESPECTIVELY, EACH ACKNOWLEDGE THAT THEY HAVE HAD A FULL OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL CONCERNING THIS WAIVER, AND THAT THIS WAIVER IS INFORMED, VOLUNTARY, INTENTIONAL AND NOT THE RESULT OF UNEQUAL BARGAINING POWER.**

12.13. **FRANCHISOR AND FRANCHISEE AGREE THAT LITIGATION WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE OR MULTIPLE PLAINTIFF, BASIS UNLESS PROHIBITED BY LAW.**

12.14. **FRANCHISOR APPROVAL AND DISCRETION. TO THE EXTENT THAT FRANCHISOR'S CONSENT OR APPROVAL IS REQUIRED OR ANY DECISION IS SUBJECT TO THE DISCRETION OF THE FRANCHISOR, AND WHENEVER FRANCHISOR EXERCISES A RIGHT, PRESCRIBES AN ACT OR THING, OR OTHERWISE MAKES A CHOICE OR USES DISCRETION, THE PARTIES AGREE THAT FRANCHISOR HAS THE WHOLLY UNRESTRICTED RIGHT TO MAKE DECISIONS AND/OR TAKE (OR REFRAIN FROM TAKING) ACTIONS. FRANCHISOR WILL NOT BE REQUIRED TO CONSIDER FRANCHISEE'S INDIVIDUAL INTERESTS OR THE INTERESTS OF ANY OTHER PARTICULAR FRANCHISEE(S), EVEN IF A PARTICULAR DECISION/ACTION MAY HAVE NEGATIVE CONSEQUENCES FOR FRANCHISEE, A PARTICULAR FRANCHISEE OR GROUP OF FRANCHISEES.**

**FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE ULTIMATE DECISION-MAKING RESPONSIBILITY WITH RESPECT TO THE SYSTEM (AMONG OTHER THINGS) MUST BE, AS A PRACTICAL BUSINESS MATTER, VESTED SOLELY IN FRANCHISOR, SINCE FRANCHISEE, FRANCHISOR AND ALL OTHER FRANCHISEES HAVE A COLLECTIVE INTEREST IN WORKING WITHIN A FRANCHISE SYSTEM WITH THE UNRESTRICTED FLEXIBILITY TO QUICKLY ADJUST TO CHANGING BUSINESS CONDITIONS, INCLUDING COMPETITIVE CHALLENGES, NEW REGULATORY**

**DEVELOPMENTS AND EMERGING BUSINESS OPPORTUNITIES. FRANCHISEE UNDERSTANDS AND AGREES THAT FRANCHISOR HAVING SUCH RIGHTS ARE CRITICAL TO ITS ROLE AS FRANCHISOR AND TO OBTAIN THE PARTIES GOALS FOR CONTINUING IMPROVEMENT OF THE TASTE BUDS SYSTEM.**

12.15. **Execution.** This Agreement becomes valid when signed and accepted by Franchisor. This Agreement may be signed in counterparts, each of which when taken together shall form one valid and effective agreement which may be electronically signed, and any digital or electronic signatures (including pdf or electronically imaged signatures provided by DocuSign or any other digital signature provider) will be treated the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and delivery of any such electronic signature, or a signed copy of this Agreement, may be made by email or other electronic transmission.

### **13. REPRESENTATIONS**

13.1. **RECEIPT.** THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST 7 CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF FRANCHISOR'S UNIFORM FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR FRANCHISEE'S PAYMENT OF ANY MONIES TO FRANCHISOR, REFUNDABLE OR OTHERWISE.

13.2. **EXECUTION OF AGREEMENT.** EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF THE BUSINESS ENTITY WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER, OFFICER, MEMBER OR MANAGER, THAT ALL OF THE EQUITY OWNERS OF FRANCHISEE, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE BUSINESS ENTITY.

13.3. **ANTI-TERRORISM LAW COMPLIANCE.** FRANCHISEE AND ITS EQUITY OWNERS AGREE TO COMPLY WITH, AND TO ASSIST FRANCHISOR, TO THE FULLEST EXTENT POSSIBLE IN FRANCHISOR'S EFFORTS TO COMPLY WITH ANTI-TERRORISM LAWS (DEFINED BELOW). IN CONNECTION WITH THAT COMPLIANCE, FRANCHISEE, AND ITS OWNERS CERTIFY, WARRANT AND REPRESENT THAT NONE OF FRANCHISEE'S, OR ITS EQUITY OWNER'S PROPERTY, OR INTERESTS ARE SUBJECT TO BEING BLOCKED UNDER ANY ANTI-TERRORISM LAWS, AND THAT FRANCHISEE AND ITS OWNERS OTHERWISE ARE NOT IN VIOLATION OF ANY ANTI-TERRORISM LAWS. "ANTI-TERRORISM LAWS" MEANS EXECUTIVE ORDER 13224 ISSUED BY THE PRESIDENT OF THE UNITED STATES, THE USA PATRIOT ACT, AND ALL OTHER PRESENT AND FUTURE FEDERAL, STATE AND LOCAL LAWS, ORDINANCES, REGULATIONS, POLICIES, LISTS AND OTHER REQUIREMENTS OF ANY GOVERNMENTAL AUTHORITY ADDRESSING OR IN ANY WAY RELATING TO TERRORIST ACTS AND ACTS OF WAR. FRANCHISEE SHALL IMMEDIATELY NOTIFY FRANCHISOR OF ANY MISREPRESENTATION OR BREACH OF THIS SECTION

**14. PERSONAL GUARANTEES**

If Franchisee is a corporation, general partnership or limited liability company, or subsequent to execution of this Agreement, Franchisee assigns this Agreement to a corporation, general partnership or limited liability company, all shareholders, all general partners or all members and managers, respectively, and the spouses of the foregoing, hereby personally and unconditionally guarantee without notice, demand or presentment the payment of all of Franchisee's monetary obligations under this Agreement as if each were an original party to this Agreement in his or her individual capacity. In addition, all personal guarantors further agree to be bound by the in term and post-term restrictions and requirements of Franchisee as if each were an original party to this Agreement in his or her individual capacity. All personal guarantors shall execute a continuing personal guaranty in the form attached as Exhibit 3. Spouses of owners signing in their individual capacity must sign the guaranty as well.

**15. OWNERSHIP OF FRANCHISEE**

The Statement of Ownership Interest attached to this Agreement as Exhibit 2 completely and accurately describes all of the equity owners and their interests in Franchisee and Franchisee's Operating Principal. Subject to Franchisor's rights and Franchisee's obligations under Section 8, Franchisee agrees to sign and deliver to Franchisor a revised Statement of Ownership Interest to reflect any permitted changes in the information that Exhibit 2 now contains. Franchisee shall promptly provide Franchisor a copy of, as applicable: (i) any transferee corporation's Articles of Incorporation, Bylaws, resolutions including, without limitation, the resolutions of the Board of Directors authorizing entry into this Agreement; or (ii) any limited liability company's certificate of organization or formation, the Operating Agreement and all other governing documents. If Franchisee is an entity, it must be a single purpose entity and cannot operate any other business using the entity name.

**INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE AS OF THE DATE EXECUTED BY FRANCHISOR BELOW.**

**(FRANCHISEE)**

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

Dated: \_\_\_\_\_

**TASTE BUDS KITCHEN  
INTERNATIONAL, LLC**

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

Dated: \_\_\_\_\_

**EXHIBIT 1 TO  
TASTE BUDS KITCHEN INTERNATIONAL, LLC  
FRANCHISE AGREEMENT**

The Franchise Agreement (the “Agreement”) between TASTE BUDS KITCHEN INTERNATIONAL, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) authorizes and obliges Franchisee to search for a site in the following Search Area and to open a Franchised Business in the following Approved Location and Territory:

**SEARCH AREA, APPROVED LOCATION AND TERRITORY**

1. **SEARCH AREA**

Pursuant to Section 3.2 of the Franchise Agreement, the non-exclusive search area for locating a site for the Franchised Business shall be as follows:

2. **APPROVED LOCATION**

Pursuant to Section 3.1 of the Franchise Agreement, the Franchised Business shall be located at the following Approved Location:

3. **TERRITORY**

Pursuant to Section 1.2 of the Franchise Agreement, the Territory shall be:

**(FRANCHISEE)**

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

DATED: \_\_\_\_\_

**TASTE BUDS KITCHEN  
INTERNATIONAL, LLC (FRANCHISOR)**

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

DATED: \_\_\_\_\_



**EXHIBIT 2 TO  
TASTE BUDS KITCHEN INTERNATIONAL, LLC  
FRANCHISE AGREEMENT**

**Statement of Ownership Interest**

**Franchisee Owners**

1. **Form of Owner.** (Choose (a) or (b))

(a) **Individual Proprietorship.** List individual(s):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(b) **Corporation, Limited Liability Company, or Partnership:**

Name: \_\_\_\_\_  
Date of incorporation or formation: \_\_\_\_\_  
State of incorporation or formation: \_\_\_\_\_

The following is a list of your directors/managers/officers, as applicable, and officers as of the date of execution:

**Name of Each Director/Manager/Officer**

**Position(s) Held**

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. **Principals.** The following list includes the full name of each person or entity who is one of your owners and fully describes the nature of each owner's interest (attach additional pages if necessary).

	<u>Principal's Name</u>	<u>Percentage/Description of Interest</u>
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____

3. **Identification of Operating Principal**. Your Operating Principal is \_\_\_\_\_  
 \_\_\_\_\_ (must be one of the individuals listed in paragraph 2 above. You may not change  
 the Operating Principal without prior written approval. The Operating Principal is the person authorized  
 to receive communications regarding this Agreement).

Address: \_\_\_\_\_  
 \_\_\_\_\_

E-mail Address: \_\_\_\_\_

**FRANCHISEE**

By: \_\_\_\_\_  
 Name:  
 Title:  
 Dated: \_\_\_\_\_

**TASTE BUDS KITCHEN  
 INTERNATIONAL, LLC**

By: \_\_\_\_\_  
 Name:  
 Dated: \_\_\_\_\_

**EXHIBIT 3 TO  
TASTE BUDS KITCHEN INTERNATIONAL, LLC  
FRANCHISE AGREEMENT**

**PERSONAL GUARANTY**

The undersigned persons designated as “Principals” hereby represent to Taste Buds Kitchen International, LLC (“Franchisor”) that they are all of the shareholders of, or all of the general partners of, all of the members and managers of, \_\_\_\_\_ (“Franchisee”), as the case may be. Each such Principal also represents that his or her spouse is also listed herein as a “Spousal Guarantor”. In consideration of the grant by Franchisor to \_\_\_\_\_, as provided under the franchise agreement dated \_\_\_\_\_, (the “Franchise Agreement”), each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, that they and each of them do unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the Franchise Agreement, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the Franchise Agreement to Franchisor and/or its affiliate, and that they and each of them shall not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first notifying Franchisor of said proposed transfer and obtaining the prior written consent of Franchisor, following Franchisor’s transfer procedures and without first paying or causing to be paid to Franchisor any required transfer fee. The undersigned further agree to be bound by the in-term and post-termination covenants of the Franchise Agreement including, without limitation, those relating to confidentiality and non-competition. The undersigned also agree that the governing law and methods for resolution of disputes which govern this Guaranty shall be the same as those outlined in the Franchise Agreement.

**EACH GUARANTOR ACKNOWLEDGES THAT HE OR SHE HAS READ THIS PERSONAL GUARANTY, UNDERSTANDS ITS TERMS, AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTY IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**

**Undersigned:**

**Principals:**

**Spousal Guarantors:**

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

Dated: \_\_\_\_\_

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

Dated: \_\_\_\_\_

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

Dated: \_\_\_\_\_

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

Dated: \_\_\_\_\_

Exhibit 3

**EXHIBIT 4 TO  
TASTE BUDS KITCHEN INTERNATIONAL, LLC  
FRANCHISE AGREEMENT**

**COLLATERAL ASSIGNMENT OF LEASE**

**FOR VALUE RECEIVED**, the undersigned ("Assignor") assigns and transfers to TASTE BUDS KITCHEN INTERNATIONAL, LLC, a Maryland limited liability company ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit "A" (the "Lease") respecting premises commonly known as \_\_\_\_\_ (the "Premises"). This Assignment is for collateral purposes only and except as specified in this Agreement, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the Premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor there under.

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

Upon a default by Assignor under the Lease or under the franchise agreement between Assignee and Assignor for the operation of a Taste Buds Kitchen (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor there from, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it shall not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:  
(Individual, Partnership, Corporation or LLC Name)

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

ASSIGNEE:  
TASTE BUDS KITCHEN INTERNATIONAL, LLC

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

**CONSENT AND AGREEMENT OF LESSOR**

The undersigned Lessor under the aforescribed Lease hereby:

- (a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;
- (b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with Section (a) above;
- (c) Consents to the foregoing Collateral Assignment and agrees that if Assignee takes possession of the Premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant there under, Lessor shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the defaults, if any, of Assignor under the Lease;
- (d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.
- (e) On termination or expiration of the Franchise Agreement or the Lease, Assignee shall have the right to re-enter the Premises and make all necessary modifications or alterations to the Premises including the removal of all articles which display Assignee's Proprietary Marks. Assignee's re-entry shall not be deemed as trespassing.

DATED:

LESSOR:

\_\_\_\_\_

ASSIGNEE:

TASTE BUDS KITCHEN INTERNATIONAL, LLC

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

Title: \_\_\_\_\_

**EXHIBIT 5 TO  
TASTE BUDS KITCHEN INTERNATIONAL, LLC  
FRANCHISE AGREEMENT**

**CONFIDENTIALITY AGREEMENT**  
**(For employees of the Franchisee)**

1. Pursuant to a Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”), \_\_\_\_\_ (the “Franchisee”) has acquired the right and franchise from Taste Buds Kitchen International, LLC (the “Franchisor”) to establish and operate a Taste Buds kitchen (the “Franchised Business”) and the right to use in the operation of the Franchised Business the Franchisor’s trade names, service marks, trademarks, logos, emblems, and indicia of origin (the “Proprietary Marks”), as they may be changed, improved and further developed from time to time in the Franchisor’s sole discretion.

2. The Franchisor, as the result of the expenditure of time, skill, effort and resources, has developed and owns a distinctive format and system (the “System”) relating to the establishment and operation of Taste Buds Kitchens. The Franchisor possesses certain proprietary and confidential information relating to the operation of the System, which includes proprietary trade secrets, specifications, security protocols, computer hardware and systems, technology and equipment used, methods of business practices and management, research and development, training processes, operational manuals, presentation materials, vendor agreements, supplier lists, vendor lists, marketing and merchandising strategies, plans for new product or service offerings, and knowledge of, and experience in, the operation of the Franchised Business (the “Confidential Information”). Confidential Information shall also expressly include all customer and franchisee personal and business information that I obtain or have access to during my employment, as well as the confidential information of any other third parties to whom the Franchisor owes a duty of confidentiality. Further, any and all information, knowledge, know-how, and techniques which the Franchisor specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

3. In consideration for my access to the Confidential Information as part of my employment with Franchisee, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree to the terms of this Confidentiality Agreement (the “Agreement”).

4. As an employee of Franchisee, the Franchisor and/or Franchisee may disclose the Confidential Information to me via training programs, the Franchisor’s Confidential Operations Manuals (the “Manuals”), or the development process during the term of my employment with the Franchisee.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in performing my duties for Franchisee during the term of my employment and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition. I covenant that I will not forward or provide the Confidential Information to any third party, nor store it on any personal or third-party electronic device, disk, drive, or otherwise, unless expressly authorized to do so by the Franchisor.

6. Any work performed by me during my employment with Franchisee in relation to Taste Buds Kitchen or the Franchise Agreement and any derivative works created by me using the Confidential Information or any proprietary information of the Franchisor are considered “works made for hire” and I will have no ownership interest in the items created.

7. The Confidential Information is proprietary, involves trade secrets of the Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information. Unless the Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of Franchisee, and will continue not to disclose or use any such information even after I cease to be employed by Franchisee, unless I can demonstrate that such information has become generally known to the public or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement, a breach of the employees or associates of Franchisee, or a breach of my own duties or the duties hereunder.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

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

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

11. This is not a contract for employment and does not guaranty my employment for any set period of time. I agree and understand that Franchisee is my employer and I have no employment relationship with the Franchisor.

12. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Maryland, excluding that body of law known as choice of law, and shall be binding upon the parties hereto in the United States and worldwide. The parties agree that service of process in any such action may be made if delivered in person, by courier service, or by first class mail, and shall be deemed effectively given upon receipt. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY

WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

13. I hereby irrevocably agree that the forum for any suit will lie with a court of competent jurisdiction in Queen Anne’s County, Maryland or the applicable district court in Maryland and hereby agree to the personal jurisdiction and venue of such court.

14. This Agreement will be binding upon me, my heirs, and personal representatives, and shall inure to the benefit of the Franchisor and Franchisee and any of their affiliates, parents, subsidiaries, successors and assigns. I understand that this Agreement may and will be assigned or transferred to any successor of the Franchisor, and any successor will be deemed substituted, for all purposes, as the “Franchisor” under the terms of this Agreement. As used in this Agreement the term “successor” will mean any person, firm, corporation, or business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets of the business of the Franchisor. I acknowledge that the services to be rendered by me in my employment are unique and personal. Accordingly, I may not assign any of my rights nor delegate any of my duties or obligations under this Agreement.

15. This Agreement may not be modified except by a written agreement executed by the Parties, which has been approved by the Franchisor.

16. This Agreement may be signed in counterparts, each of which when taken together shall form one valid and effective agreement which may be electronically signed, and any digital or electronic signatures (including pdf or electronically imaged signatures provided by DocuSign or any other digital signature provider) will be treated the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and delivery of any such electronic signature, or a signed copy of this Agreement, may be made by email or other electronic transmission.

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

**FRANCHISEE**

By:\_\_\_\_\_  
Name:  
Title:  
Dated: \_\_\_\_\_



**EXHIBIT 6 TO  
TASTE BUDS KITCHEN INTERNATIONAL, LLC  
FRANCHISE AGREEMENT**

**FORM OF RELEASE  
(Current Form – Subject to Change)**

THIS AGREEMENT (“Agreement”) is made and entered into as of the date executed by the Franchisor (“Effective Date”) by and between TASTE BUDS KITCHEN INTERNATIONAL, LLC, a Maryland limited liability company having its principal place of business located at 800-D Abruzzi Drive, Chester, MD 21619 (the “Franchisor”), and \_\_\_\_\_, with an address of \_\_\_\_\_ (“Franchisee”).

WHEREAS, Franchisor and Franchisee entered into a franchise agreement dated \_\_\_\_\_ (the “Franchise Agreement”) which provides Franchisee with the right to operate a franchised business with a Territory as outlined on Exhibit 1 to the Franchise Agreement (the “Franchised Business”);

Wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein set forth, do agree as follows:

1. Franchisee acknowledges and agrees that by entering into this Agreement, all of Franchisee’s respective rights under the Franchise Agreement are terminated as of the Effective Date, however, Franchisee shall continue to be bound by the post-termination restrictions and covenants contained in the Franchise Agreement and any schedules attached thereto, which include, but are not limited to, covenants relating to Franchisor’s confidential information and intellectual property, a covenant not to compete, a covenant of non-disparagement and a covenant of indemnification. Further, Franchisee shall honor all obligations required upon termination, including those listed in Section 10 of the Franchise Agreement.

2. Franchisee on his/her/its own behalf and on behalf of his/her/its servants, employees, heirs, successors and assigns does hereby release Franchisor, its officers, directors, shareholders, agents, parents, affiliates, subsidiaries, servants, employees, franchisees, partners, members, heirs, successors, principals and assigns (“Franchisor Released Parties”), from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, reckonings, judgments, liabilities and obligations, both fixed and contingent, known and unknown, in law or in equity, under local law, state or federal law or regulation, from the beginning of time to this date, arising under or in connection with the Franchise Agreement of the business operated pursuant to the Franchise Agreement. Without limiting the generality of the foregoing, but by way of example only, the release shall apply to any and all state and federal antitrust, securities, breach of contract, fiduciary duty, or fraud claims and causes of action arising under or in connection with the Franchise Agreement to the extent permitted by law.

3. Franchisee has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice.

4. The governing law, methods of dispute resolution and any right to recovery of attorney's fees outlined in the Franchise Agreement shall apply to this Agreement as well.

5. This Agreement and the other documents referred to herein contain the entire agreement between the parties hereto pertaining to the subject matter hereof and supersede all prior agreements, except those contemplated hereunder. Any waiver, alteration or modification of any of the provisions of this Agreement or cancellation or replacement of this Agreement shall not be valid unless in writing and signed by the parties.

6. This Agreement shall be binding upon Franchisee and Franchisee's heirs and personal representatives and shall inure to the benefit of Franchisor and its respective successors and assigns. Franchisee may not assign this Agreement or any of the rights or obligations hereunder, without the express written consent of Franchisor.

7. Any waiver of any term of this Agreement by Franchisor will not operate as a waiver of any other term of this Agreement nor will any failure to enforce any provision of this Agreement operate as a waiver of Franchisor's right to enforce any other provision of this Agreement.

8. In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

9. This Agreement may be signed in counterparts, each of which when taken together shall form one valid and effective agreement which may be electronically signed, and any digital or electronic signatures (including pdf or electronically imaged signatures provided by DocuSign or any other nationally recognized digital signature provider) will be treated the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and delivery of any such electronic signature, or a signed copy of this Agreement, may be made by email or other electronic transmission.

10. Franchisee must maintain the confidentiality of this Agreement and shall not disclose the terms of this Agreement to any person or persons, except (a) professional advisors for legitimate business purposes or as required by law, or (b) as otherwise permitted in writing by Franchisor, or (c) as reasonably necessary for enforcement of any rights and remedies pursuant to this Agreement. Nothing in this Agreement will prohibit Franchisee, when required pursuant to a lawfully issued subpoena or discovery request or demand from government or police agency, from complying with the requirements of law with such subpoena, discovery, demand or request; provided, however, that Franchisee will, unless restricted from doing so by the terms of the subpoena or other circumstances or requested not to do so by the government or police agency (for example a gag order or law or rule that prohibits Franchisee from doing the following or request from government or police agency) provide Franchisor written notice, with time to seek relief if it wishes from disclosure pursuant to the subpoena, within one week of receipt of the subpoena.

For the State of Washington: the general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

In Witness Whereof, the parties hereby execute this Release.

FRANCHISOR

By:  
Name:  
Title:  
Dated: \_\_\_\_\_

FRANCHISEE

By: \_\_\_\_\_  
Name:  
Title:  
Dated: \_\_\_\_\_

**EXHIBIT 7 TO  
TASTE BUDS KITCHEN INTERNATIONAL, LLC  
FRANCHISE AGREEMENT**

**DISCLOSURE QUESTIONNAIRE**

**This Questionnaire should not be completed by residents of, or anyone seeking to locate a franchise in, the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin.**

As you know, you and TASTE BUDS KITCHEN INTERNATIONAL, LLC, a Maryland limited liability company (“Franchisor”) are entering into a Franchise Agreement (the “Franchise Agreement”) for the operation of a Taste Buds Kitchen (the “Franchised Business”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually, and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Franchised Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

**Acknowledgments and Representations**

1. Did you receive a copy of Franchisor’s Franchise Disclosure Document (and all exhibits and attachments at least 14 calendar days prior to signing the Franchise Agreement or paying any consideration to the Franchisor (10 business days for Michigan; the earlier of 10 business days or the first personal meeting for New York; and the earlier of 14 calendar days or the first personal meeting for Iowa)? Check one: \_\_\_ Yes \_\_\_ No. If no, please comment:  
  
\_\_\_\_\_

2. Have you studied and reviewed carefully Franchisor’s Franchise Disclosure Document and Franchise Agreement? Check one: \_\_\_ Yes \_\_\_ No. If no, please comment:  
  
\_\_\_\_\_

3. Did you receive a copy of the Franchise Agreement with any unilateral material changes made by Franchisor at least seven calendar days prior to the date on which the Franchise Agreement was executed? Check one:  Yes.  No If no, please comment:

---

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

---

5. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Franchise Disclosure Document, including statements, promises or agreements concerning advertising, marketing, training, support services or assistance to be furnished to you? Check one:  No  Yes. If yes, please state in detail the oral, written or visual claim or representation:

---

6. Did any employee, broker, or other person speaking on behalf of Franchisor make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted, or projected sales, revenues, expenses, earnings, income or profit levels at any Franchised Business, or the likelihood of success at your Franchised Business? Check one:  No  Yes. If yes, please state in detail the oral, written or visual claim or representation:

---

7. Do you understand that the Franchise granted is for the right to develop one Franchised Business and that Franchisor has the right, subject only to the limited rights granted to you under the Franchise Agreement, to issue Franchises or licenses or operate competing businesses for or at locations, as Franchisor determines, near your Franchised Business? Check one:  Yes  No. If no, please comment:

---

8. Do you understand that the Franchise Agreement contains the entire agreement between you and Franchisor concerning your Franchised Business, meaning that any prior oral or written statements not set out in the Franchise Agreement or Franchise Disclosure Document will not be binding? Check one:  Yes  No. If no, please comment:

---

9. Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for Franchised Business products and services, interest rates, the economy,

inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Franchised Business may change? Check one \_\_\_\_ Yes \_\_\_\_ No. If no, please comment:

\_\_\_\_\_

10. You further acknowledge that Executive Order 13224 (the “Executive Order”) prohibits transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the “Anti-Terrorism Measures”). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

- (i) a person or entity listed in the Annex to the Executive Order;
- (ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;
- (iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism;  
or
- (iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

11. Please list all states in which the undersigned are residents: \_\_\_\_\_.

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

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

Signed: \_\_\_\_\_  
Date: \_\_\_\_\_

Signed: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT 8 TO  
TASTE BUDS KITCHEN INTERNATIONAL, LLC  
FRANCHISE AGREEMENT**

**CONSENT TO TRANSFER**

**FORM OF TRANSFER AGREEMENT**

This Transfer Agreement (this “Agreement”) is made and entered into as of the date executed by Franchisor (the “Effective Date”) by and among TASTE BUDS KITCHEN INTERNATIONAL, LLC, a Maryland limited liability company having its principal place of business located at 800-D Abruzzi Drive, Chester, MD 21619 (“Franchisor”), \_\_\_\_\_ (“Transferor”), \_\_\_\_\_ (collectively “Transferor Guarantors”), \_\_\_\_\_ (“Transferee”) and \_\_\_\_\_ (“Transferee Guarantors”).

**WITNESSETH:**

**WHEREAS**, a Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”) was executed by and between Franchisor on the one hand, and Transferor on the other, for the operation of a franchised business in the Territory and at the Approved Location as outlined on Exhibit 1 to the Franchise Agreement (the “Franchised Business”).

WHEREAS, Transferor desires to transfer to Transferee substantially all of the assets of the Transferor’s business (the “Transferred Business”) which business is responsible for operating the Franchised Business, and Transferor has requested that Franchisor consent to the transfer thereof to Transferee. This Agreement is executed and delivered simultaneously with, and as a condition of the closing of the sale of the aforementioned assets.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties agree as follows:

**AGREEMENT:**

1. **Recitals Included in Agreement.** The parties incorporate into this Agreement the recitals set forth above as if set forth in full.

2. **Consent.** Franchisor hereby consents to and waives any right of first refusal in connection with the sale and the transfer by Transferor to Transferee (the “Transaction”), subject to the terms of this Agreement. Franchisor’s consent to the Transaction is subject to and made in reliance upon the following terms, conditions, representations and warranties. Transferor’s and/or Transferee’s failure to comply with the terms of this Agreement will result in a default and render the Transaction void:

A. Transferor represents, warrants, covenants and agrees that each of the following are true and correct as of its date of execution, and shall remain true through the Closing (as defined herein):

(1) Transferor is the sole owner of, and possesses good and marketable right, title and interest in and to, the Transferred Business; and no other person or entity owns or has any right, title or interest in and to the Franchise Agreement, Franchised Business and the Transferred Business.

(2) Transferor's Guarantors are the sole owners of Transferor, and no other person or entity has an equity or beneficial ownership interest in Transferor.

(3) The execution and delivery of this Agreement and the consummation of the Transaction do not conflict with or result in a breach of the terms and conditions of, accelerate any provision of, or constitute a default under, the certificate of formation or operating agreement of Transferor, or any lease, contract, promissory note or agreement to which Transferor is a party or is bound.

(4) Transferor and Transferor's Guarantors acknowledge and agree that by entering into this Agreement, all of Transferor's rights under the Franchise Agreement will be terminated as of the Closing however, Transferor and Transferor's Guarantors shall continue to be bound by the post-termination restrictions and covenants contained in the Franchise Agreement and any schedules attached thereto.

B. Transferee represents, warrants, covenants and agrees that each of the following are true and correct as of its respective date of execution, and shall remain true through the Closing:

(1) Transferee will be the sole owner of and possess good and marketable right, title and interest in, and no other person or entity will own or have any right, title or interest in and to the Franchise Agreement, Franchised Business and the assets of the Transferred Business. Transferee will be executing a new Franchise Agreement. Transferee's ownership composition is set forth on Schedule 1, attached hereto.

(2) The execution and delivery of this Agreement and the consummation of the Transaction do not conflict with or result in a breach of the terms and conditions of, accelerate any provision of, or constitute a default under, the certificate of formation or operating agreement of Transferee, or any lease, contract, promissory note or agreement to which Transferee or Transferee's Guarantors are a party or are bound. Transferee's Guarantors will execute the Guaranty attached as Schedule 2.

(3) Transferee relied solely and exclusively on Transferee's own independent investigation of the franchise system and of the Franchised Business and the historical financial records of the Franchised Business provided to Transferee by Transferor; and based on the receipt of the actual historical performance of the Franchised Business it would not be reasonable to rely on the financial performance representation contained in Franchisor's Franchise Disclosure Document, or any other financial performance representation, pro forma or projection that differed or diverged, in whole or in part, from the Franchised Business' actual historical financial performance.

C. To the extent not already completed, Transferee (or Transferee's Guarantors, if an entity) and any required employees shall attend and complete, to the satisfaction of Franchisor, Franchisor's training program required of new franchisees, at the time directed by Franchisor.

D. Transferee represents, warrants, covenants and agrees that all information furnished or to



be furnished to Franchisor by Transferee in connection with Transferee's request to receive a transfer is and will be, as of the date such information is furnished, and through the date of the Closing, true and correct in all material respects and will include all material facts necessary to make the information not misleading in light of the circumstances.

E. Transferor and Transferee represent, warrant and agree that, subject to Franchisor's consent, Transferor will sell and transfer, and Transferee will acquire, the assets of the Transferred Business and that all legal actions necessary to effect the sale and transfer have been or will be accomplished prior to or at Closing.

F. Effective as of the day and time Transferee takes title of the assets of the Transferred Business ("Closing"), Transferee expressly agrees to be bound by and observe and faithfully perform all of the obligations, agreements, commitments and duties of the Transferor so that Transferee can operate the Franchised Business as of the Closing, but no sooner than the Closing. Only Transferor will have the right to operate the Franchised Business until Closing, unless otherwise expressly agreed in writing.

G. Transferee will be required to pay an initial franchise fee or a transfer fee.

3. **Transferor and Transferor's Guarantor's Release.** Transferor, Transferor's Guarantors and their respective officers, directors, shareholders, agents, parents, affiliates, subsidiaries, servants, employees, partners, members, heirs, successors, assigns and principals do hereby release Franchisor, its officers, directors, shareholders, agents, parents, affiliates, subsidiaries, servants, employees, partners, members, heirs, successors, principals and assigns ("Franchisor Released Parties"), from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, reckonings, judgments, liabilities and obligations, both fixed and contingent, known and unknown, in law or in equity, under local law, state or federal law or regulation which they had, from the beginning of time to the date of execution, arising under or in connection with the Franchise Agreement or operation of the Franchised Business. Without limiting the generality of the foregoing, but by way of example only, the release shall apply to any and all state and federal antitrust, securities, breach of contract, fiduciary duty, or fraud claims and causes of action arising under or in connection with the Franchise Agreement, unless prohibited by law.

4. RESERVED

5. **No Security Interests in the Assets of Transferee.** The parties acknowledge and agree that Transferor is not permitted to retain a security interest in the assets of the Transferred Business or the franchise without Franchisor's prior consent.

6. **Non-Participation.** Transferor, Transferor's Guarantors, Transferee's Guarantors and Transferee jointly and severally, acknowledge and agree that, except for the preparation and execution of this Agreement, Franchisor has not participated in the Transaction between them and, therefore, has no knowledge of, and does not attest to, the accuracy of any representations or warranties made by or between Transferor and Transferee in connection with this transfer. Franchisor assumes no obligations in that regard. Transferor acknowledges and agrees that the sale of the assets of the Transferred Business is for Transferor's own account.

7. **Insurance.** Prior to Closing, Transferee must provide Franchisor with a Certificate of

Insurance for the insurance coverages specified in the franchise agreement, which policy(ies) must name Franchisor and all related parties as an additional insured.

8. **Changed Circumstances.** All parties understand and acknowledge that Franchisor may, in the future, approve offerings and transfers under different terms, conditions and policies. Franchisor's consent and waiver in this instance shall not be relied upon in future transactions as indicative of Franchisor's position or the conditions that might be attached to future consents or waivers of its right of first refusal.

9. **Singular Consent.** Transferor and Transferee acknowledge and agree that Franchisor's execution of this Agreement is not intended to provide, and shall not be construed as providing, Franchisor's consent with regard to a transfer of any right or interest under any other agreement not specifically identified in this Agreement. Such consent must be separately obtained.

10. **Validity.** If any material provision or restriction contained herein shall be declared void or unenforceable under applicable law, the parties agree that such provision or restriction will be reformed to the extent necessary to make it valid and enforceable. To the extent a provision cannot be reformed, it shall be stricken, and the remainder of this Agreement will continue in full force and effect. Notwithstanding this Paragraph, however, the parties agree that, to the extent Franchisor suffers harm as a consequence of the striking of such provision or restriction, the other parties to this Agreement shall exercise best efforts to make Franchisor whole.

11. **Indemnification.** Transferor and Transferor's Guarantors, jointly and severally, agree to indemnify, defend and hold harmless Franchisor and its predecessors, parents, successors and affiliates and any of their principals, owners, shareholders, employees or agents from and against any claims, losses, liabilities, costs or damages incurred by them as a result of or in connection with the transfer to Transferee or any dispute between Transferor and Transferee.

12. **Counterparts.** This Agreement may be signed in counterparts, each of which when taken together shall form one valid and effective agreement which may be electronically signed, and any digital or electronic signatures (including pdf or electronically imaged signatures provided by DocuSign or any other nationally recognized digital signature provider) will be treated the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and delivery of any such electronic signature, or a signed copy of this Agreement, may be made by email or other electronic transmission.

13. **Miscellaneous.** The parties hereto agree that this Agreement constitutes, upon the execution of this Agreement by all of the parties and after it has been accepted and executed by Franchisor, the complete understanding between the parties regarding the subject matter hereof, and no representation, agreement, warranties, or statement, oral or in writing, not contained herein, shall be of any force and effect against any party, except the Franchise Agreement and its addendums and exhibits shall remain in force in the manner, and to the extent, contemplated herein, and this Agreement shall not be modified, altered or amended except in writing signed by all parties. The waiver by any party of any breach or violation of any provision of this Agreement will not operate or be construed as a waiver of any other or subsequent breach or violation hereof. This Agreement will be binding upon and inure to the benefit of the parties, and their respective heirs, executors, successors and assigns. The governing law and methods of dispute resolution in the Franchise Agreement shall govern this Agreement as well.

14. **Agreement Survives Closing.** All representations, warranties, terms and conditions set forth in this Agreement shall survive the execution and delivery of this Agreement, the Closing, and the consummation of the Transaction provided for herein.

15. **Review of Agreement and Representation.** Transferor, Transferor's Guarantors, Transferee's Guarantors and Transferee each represent and acknowledge that he/she/it has received, read and understands this Agreement, including its exhibits; and that Franchisor has fully and adequately explained the provisions to each to their satisfaction; and that Franchisor has afforded each of them ample time and opportunity to consult with advisors of their own choosing about the potential benefits and risks of entering into this Agreement.

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

**FRANCHISOR:**

**TASTE BUDS KITCHEN INTERNATIONAL, LLC**

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

**Name:**

**Dated:** \_\_\_\_\_

**TRANSFEROR:**

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

**Name:**

**Title:**

**Dated:** \_\_\_\_\_

**TRANSFEROR'S GUARANTORS:**

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

**Dated:** \_\_\_\_\_

**TRANSFEE:**

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

**Name:**

**Title:**

**Dated:** \_\_\_\_\_

**TRANSFeree'S GUARANTORS:**

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

**Dated:** \_\_\_\_\_

**SCHEDULE 1**

**FRANCHISEE IDENTIFICATION AND OWNERSHIP**  
**Taste Buds Franchise Agreement**

**Franchisee Owners**

1. **Form of Owner.** (Choose (a) or (b))

(a) **Individual Proprietorship.** List individual(s):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(b) **Corporation, Limited Liability Company, or Partnership:**

Name: \_\_\_\_\_  
Date of incorporation or formation: \_\_\_\_\_  
State of incorporation or formation: \_\_\_\_\_

The following is a list of your directors/managers/officers, as applicable, and officers as of the date of execution:

**Name of Each Director/Manager/Officer**

**Position(s) Held**

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. **Principals.** The following list includes the full name of each person or entity who is one of your owners and fully describes the nature of each owner's interest (attach additional pages if necessary).

**Principal's Name**

**Percentage/Description of Interest**

(a) _____	_____
(b) _____	_____

(c) \_\_\_\_\_  
(d) \_\_\_\_\_

3. **Identification of Operating Principal.** Your Operating Principal is \_\_\_\_\_  
\_\_\_\_\_ (must be one of the individuals listed in paragraph 2 above. You may not change the Operating Principal without prior written approval. The Operating Principal is the person authorized to receive communications regarding this Agreement).

Address: \_\_\_\_\_  
\_\_\_\_\_

E-mail Address: \_\_\_\_\_

**FRANCHISEE**

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

**TASTE BUDS KITCHEN  
INTERNATIONAL, LLC**

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

**SCHEDULE 2**

**GUARANTY**

The undersigned persons designated as “Principals” hereby represent to Taste Buds Kitchen International, LLC (“Franchisor”) that they are all of the shareholders of, or all of the general partners of, all of the members and managers of, \_\_\_\_\_ (“Franchisee”), as the case may be. Each such Principal also represents that his or her spouse is also listed herein as a “Spousal Guarantor”. In consideration of the grant by Franchisor to \_\_\_\_\_, as provided under the franchise agreement dated \_\_\_\_\_, [and later transferred to Franchisee] (the “Franchise Agreement”), each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, that they and each of them do unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the Franchise Agreement, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the Franchise Agreement to Franchisor and/or its affiliate, and that they and each of them shall not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first notifying Franchisor of said proposed transfer and obtaining the prior written consent of Franchisor, following Franchisor’s transfer procedures and without first paying or causing to be paid to Franchisor any required transfer fee. The undersigned further agree to be bound by the in-term and post-termination covenants of the Franchise Agreement including, without limitation, those relating to confidentiality and non-competition. The undersigned also agree that the governing law and methods for resolution of disputes which govern this Guaranty shall be the same as those outlined in the Franchise Agreement.

**EACH GUARANTOR ACKNOWLEDGES THAT HE OR SHE HAS READ THIS PERSONAL GUARANTY, UNDERSTANDS ITS TERMS, AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTY IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**

**Undersigned:**

Principals:

Spousal Guarantors:

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

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

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

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

**EXHIBIT 9 TO  
TASTE BUDS KITCHEN INTERNATIONAL, LLC  
FRANCHISE AGREEMENT**

**ASSIGNMENT AND ASSUMPTION AGREEMENT**

**(PARTNERSHIP, CORPORATION or LIMITED LIABILITY COMPANY)**

THIS ASSUMPTION AND ASSIGNMENT AGREEMENT (the “**Agreement**”) is made and entered into as of the date this Agreement is executed by Franchisor (the “**Effective Date**”) by and among TASTE BUDS KITCHEN INTERNATIONAL, LLC, a Maryland limited liability company having its principal place of business located at 800-D Abruzzi Drive, Chester, MD 21619 (“**Franchisor**”), \_\_\_\_\_ an individual with an address at \_\_\_\_\_ (“**Assignor**”), and \_\_\_\_\_ (“**Assignee**”).

**BACKGROUND**

A. Assignor and Franchisor entered into a certain Franchise Agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”) whereby Assignor was given the right and undertook the obligation to operate a Taste Buds Kitchen (the “**Franchised Business**”) in the Territory listed on Exhibit 1 to the Franchise Agreement.

B. Assignor has organized and incorporated Assignee for the convenience and sole purpose of owning and operating the Franchised Business.

C. Assignor desires to assign the rights and obligations under the Franchise Agreement to Assignee pursuant to and in accordance with the provisions of the Franchise Agreement.

D. Franchisor is willing to consent to the assignment of the Franchise Agreement to Assignee, subject to the terms and conditions of this Agreement, including the agreement by Assignor to guarantee the performance by Assignee of its obligations under the Franchise Agreement.

**AGREEMENT**

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

1. Assignor hereby assigns and transfers over to Assignee all right, title and interest in and to the Franchise Agreement, effective as of the Effective Date.

2. Assignee hereby assumes all of Assignor’s obligations, agreements, commitments, duties and liabilities under the Franchise Agreement, and agrees to be bound by and observe and faithfully perform all of the obligations, agreements, commitments and duties of the Franchisee thereunder with the same force



and effect as if the Franchise Agreement were originally written with Assignee as Franchisee.

3. Exhibit A to this Agreement lists all of Assignee's owners and their interests in Assignee as of the Effective Date. Assignee agrees that it and its owners will sign and deliver to Franchisor a revised Exhibit A to reflect any permitted changes in the information that Exhibit A now contains.

4. The Assignor as an owner of Assignee and in consideration of benefits received and to be received, shall sign and deliver to Franchisor a personal guaranty in the form attached as Exhibit B to this Agreement.

5. Assignor, for himself/herself and his/her agents, servants, employees, partners, members, heirs, predecessors, successors and assigns does hereby release Franchisor, its officers, directors, shareholders, agents, affiliates, subsidiaries, servants, employees, partners, members, heirs, successors and assigns, from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, reckonings, judgments, liabilities and obligations, both fixed and contingent, known and unknown, in law or in equity, under local law, state or federal law or regulation which he/she had, from the beginning of time to this date, arising under or in connection with the Franchise Agreement.

6. Assignee agrees that the Franchised Business which Assignee will operate will be the only business Assignee operates (although Assignor may have other, non-competitive business interests).

7. This Agreement shall be binding upon and inure to the benefit of the parties and their heirs, successors and assigns.

8. The governing law and methods of dispute resolution in the Franchise Agreement shall govern this Agreement as well.

9. This Agreement, and the documents referenced herein, shall constitute the entire integrated agreement between the parties with respect to the subject matter contained herein and shall supersede any prior agreements, verbal or written. This Agreement shall not be subject to change, modification, amendment or addition without the express written consent of all the parties.

10. If Franchisor retains the services of legal counsel to enforce the terms of this Agreement, Franchisor shall be entitled to recover all costs and expenses, including travel, reasonable attorney, expert and investigative fees, incurred in enforcing the terms of this Agreement.

11. Each party declares that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel.

12. The obligations of Assignor and Assignee under this Agreement shall be joint and several.

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

ASSIGNOR:

---

Dated: \_\_\_\_\_

ASSIGNEE:

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

Name:

Title:

Dated: \_\_\_\_\_

FRANCHISOR:

TASTE BUDS KITCHEN INTERNATIONAL,  
LLC

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

Name:

Title:

Dated: \_\_\_\_\_

**EXHIBIT A TO TASTE BUDS KITCHEN INTERNATIONAL, LLC  
ASSUMPTION AND ASSIGNMENT AGREEMENT**

**STATEMENT OF OWNERSHIP INTERESTS**

**Franchisee Owners**

1. **Form of Owner.** (Choose (a) or (b))

(a) **Individual Proprietorship.** List individual(s):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(b) **Corporation, Limited Liability Company, or Partnership:**

Name: \_\_\_\_\_  
Date of incorporation or formation: \_\_\_\_\_  
State of incorporation or formation: \_\_\_\_\_

The following is a list of your directors/managers/officers, as applicable, and officers as of the date of execution:

**Name of Each Director/Manager/Officer**

**Position(s) Held**

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. **Principals.** The following list includes the full name of each person or entity who is one of your owners and fully describes the nature of each owner's interest (attach additional pages if necessary).

	<u>Principal's Name</u>	<u>Percentage/Description of Interest</u>
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____

3. **Identification of Operating Principal.** Your Operating Principal is \_\_\_\_\_  
 \_\_\_\_\_ (must be one of the individuals listed in paragraph 2 above. You may not change  
 the Operating Principal without prior written approval. The Operating Principal is the person authorized  
 to receive communications regarding this Agreement).

Address: \_\_\_\_\_  
 \_\_\_\_\_

E-mail Address: \_\_\_\_\_

**FRANCHISEE**

By: \_\_\_\_\_  
 Name:  
 Title:

Dated: \_\_\_\_\_

**TASTE BUDS KITCHEN  
 INTERNATIONAL, LLC**

By: \_\_\_\_\_  
 Name:  
 Title:

Dated: \_\_\_\_\_

**EXHIBIT B TO TASTE BUDS KITCHEN INTERNATIONAL, LLC  
ASSUMPTION AND ASSIGNMENT AGREEMENT**

The undersigned persons designated as “Principals” hereby represent to Taste Buds Kitchen International, LLC (“Franchisor”) that they are all of the shareholders of, or all of the general partners of, all of the members and managers of, \_\_\_\_\_ (“Franchisee”), as the case may be. Each such Principal also represents that his or her spouse is also listed herein as a “Spousal Guarantor”. In consideration of the grant by Franchisor to \_\_\_\_\_, as provided under the franchise agreement dated \_\_\_\_\_, and later assigned to Franchisee (the “Franchise Agreement”), each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, that they and each of them do unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the Franchise Agreement, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the Franchise Agreement to Franchisor and/or its affiliate, and that they and each of them shall not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first notifying Franchisor of said proposed transfer and obtaining the prior written consent of Franchisor, following Franchisor’s transfer procedures and without first paying or causing to be paid to Franchisor any required transfer fee. The undersigned further agree to be bound by the in-term and post-termination covenants of the Franchise Agreement including, without limitation, those relating to confidentiality and non-competition. The undersigned also agree that the governing law and methods for resolution of disputes which govern this Guaranty shall be the same as those outlined in the Franchise Agreement.

**EACH GUARANTOR ACKNOWLEDGES THAT HE OR SHE HAS READ THIS PERSONAL GUARANTY, UNDERSTANDS ITS TERMS, AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTY IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**

**Undersigned:**

Principals:

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

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

Spousal Guarantors:

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

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

**EXHIBIT 10 TO  
TASTE BUDS KITCHEN INTERNATIONAL, LLC  
FRANCHISE AGREEMENT**

**TELEPHONE, INTERNET WEB SITES AND LISTINGS AGREEMENT**

**THIS TELEPHONE, INTERNET WEB SITES AND LISTINGS AGREEMENT** (the “Agreement”) is made and entered into as of the date it is executed by Franchisor (the “Effective Date”), by and between Taste Buds Kitchen International LLC, a Maryland limited liability company (the “Franchisor”), and \_\_\_\_\_ (the “Franchisee”).

**W I T N E S S E T H:**

**WHEREAS**, Franchisee desires to enter into a Franchise Agreement with Franchisor for the right to own and operate a Taste Buds Kitchen (the “Franchise Agreement”); and

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**1. DEFINITIONS**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

**2. TRANSFER; APPOINTMENT**

2.1 Interest in Telephone Numbers, Internet Web Sites and Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain telephone numbers and telephone directory listings (collectively, the “Telephone Numbers and Listings”); social media accounts, domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, blogs, vlogs, email addresses and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the “Internet Web Sites and Listings”) related to the Franchised Business or the Proprietary Marks (all of which right, title, and interest is referred to herein as “Franchisee’s Interest”).

2.2 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Telephone companies or listing companies, Internet

Service Providers, social media platforms, domain name registries, Internet search engines, and other listing agencies (collectively, the “Companies”) with which Franchisee has Telephone Numbers and Listings or Internet Web Sites and Listings: (i) to transfer all of Franchisee’s Interest in such Telephone Numbers and Listings or Internet Web Sites and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings or Internet Web Sites and Listings, Franchisee will immediately terminate Telephone Numbers and Listings or Internet Web Sites and Listings, or if such termination requires the involvement of the Companies, immediately direct the Companies to terminate such Telephone Numbers and Listings or Internet Web Sites and Listings and Franchisee will take such other actions as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Companies to transfer all Franchisee’s Interest to Franchisor;

2.3.2 Direct the Companies to terminate any or all of the Telephone Numbers and Listings or Internet Web Sites and Listings; and

2.3.3 Execute the Companies’ standard assignment forms or other documents in order to affect such transfer or termination of Franchisee’s Interest.

2.4 Certification of Termination. Franchisee hereby directs the Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Companies have duly transferred all Franchisee’s Interest to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or continuing obligations under, such Telephone Numbers and Listings or Internet Web Sites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Companies for the sums Franchisee is obligated to pay such Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest and shall remain liable for any actions occurring prior to the date of transfer.

### 3. MISCELLANEOUS

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings or Internet Web Sites and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, shall inure to Franchisor and its successors and assigns and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's heirs, representatives, successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. This is agreement and the documents referenced herein constitute the entire agreement between the parties related to the subject matter herein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Agreement shall be joint and several.

3.9 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Maryland, without regard to the application of Maryland conflict of law rules.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement.



TASTE BUDS KITCHEN INTERNATIONAL, LLC:

FRANCHISEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

**EXHIBIT 11 TO  
TASTE BUDS KITCHEN INTERNATIONAL, LLC  
FRANCHISE AGREEMENT**

**ELECTRONIC TRANSFER AUTHORIZATION**

**AUTHORIZATION TO HONOR CHARGES DRAWN BY AND  
PAYABLE TO TASTE BUDS KITCHEN INTERNATIONAL, LLC (“COMPANY”)**

Depositor hereby authorizes and requests \_\_\_\_\_ (the “Depository”) to initiate debit and credit entries to Depositor’s  checking or  savings account (select one) indicated below drawn by and payable to the order of TASTE BUDS KITCHEN INTERNATIONAL, LLC by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository’s rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

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

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Transit/ABA Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

This authority is to remain in full force and effect until Depository has received written notification from TASTE BUDS KITCHEN INTERNATIONAL, LLC and Depositor of its termination.

Depositor: (Please Print)

\_\_\_\_\_

Date Signed

\_\_\_\_\_

\_\_\_\_\_

Signature(s) of Depositor, as Printed Above

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

# **Exhibit C**

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## **MULTI-UNIT DEVELOPER AGREEMENT**

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**Taste Buds Kitchen  
International, LLC**

**TASTE BUDS KITCHEN INTERNATIONAL, LLC  
MULTI-UNIT DEVELOPER AGREEMENT**



**TASTE BUDS KITCHEN INTERNATIONAL, LLC  
MULTI-UNIT DEVELOPER AGREEMENT**

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- EXHIBIT 6 - ASSIGNMENT AND ASSUMPTION AGREEMENT



**TASTE BUDS KITCHEN INTERNATIONAL, LLC  
MULTI-UNIT DEVELOPER AGREEMENT**

This Multi-Unit Developer Agreement (the “Agreement”) is entered into and made by and between TASTE BUDS KITCHEN INTERNATIONAL, LLC, a Maryland limited liability company with its principal place of business at 800-D Abruzzi Drive, Chester, MD 21619 (“Company”) and \_\_\_\_\_ with a principal address at \_\_\_\_\_ (“Developer”) on the date this Agreement is executed by the Company below (the “Effective Date”).

**BACKGROUND**

**A.** The Company and/or its equity owners, parent, predecessor or affiliate, through the expenditure of considerable money, time and effort, has developed a system (the "Taste Buds System" or "System") for the establishment, development and operation of Taste Buds Kitchens. The System includes our proprietary marks, recognized designs, decor and color schemes, trade dress, distinctive specifications for fixtures, IT platforms, equipment, and designs; know-how, and trade secrets; procurement of customers, sales techniques, and merchandising, marketing, advertising, record keeping and business management systems; quality control procedures; and procedures for operation and management of a Taste Buds kitchen.

**B.** The Taste Buds System is identified by various trade names, trademarks and service marks used by the Company and its franchisees including, without limitation, the trademark "Taste Buds Kitchen®" and other identifying marks and symbols that the Company uses now or may later use as part of the Taste Buds System (the "Proprietary Marks"). The rights to all the Proprietary Marks shall be owned exclusively by the Company, its equity owners, parent, predecessor or its affiliate.

**C.** The Company is engaged in the business of granting franchises to qualified individuals and business entities to use the System to operate a Taste Buds kitchen.

**D.** Developer wishes to obtain certain development rights to operate Taste Buds kitchens under the System in the Development Area described in this Agreement.

NOW, THEREFORE, the parties, in consideration of the mutual covenants and commitments herein contained, hereby agree as follows:

**1. GRANT**

1.1 The Company hereby grants to Developer, pursuant to the terms and conditions of this Agreement, the development rights outlined herein, and Developer hereby undertakes the obligation to establish and open the Taste Buds kitchens (the “Franchised Businesses”) pursuant to the development schedule set forth in Exhibit “3” (the “Development Schedule”) at specific locations to be designated in

separate franchise agreements (the “Franchise Agreements”) executed by Developer as provided in Section 3.1 hereof. Each Franchised Business developed hereunder shall be located in the area described in Exhibit “1” (the “Development Area”) attached hereto. Developer is not provided any right to sub-franchise any of the development rights hereunder.

1.2 Each Franchised Business developed hereunder shall be established and operated pursuant to a separate Franchise Agreement entered into between Developer or its affiliate (with identical ownership) and the Company in accordance with Section 3.1 hereof.

1.3 Except as otherwise provided in this Agreement, during the term of this Agreement, the Company shall not establish or operate, nor license any party other than Developer to establish or operate, any Franchised Business under the System and the Proprietary Marks in the Development Area; provided, however, that Developer acknowledges and agrees that the Company retains the following rights, among others outlined herein, including in Section 1.4, in the Development Area:

1.3.1 The right to own, operate, franchise or license, both within and outside the Development Area, Taste Buds kitchens and similar businesses operating under names other than the Proprietary Marks, regardless of whether or not these other concepts offer products and services which are similar to or competitive with those offered by any Franchised Business.

1.3.2 The right, in connection with a merger or acquisition, to own, operate, franchise or license businesses operating under names other than those identified by the Proprietary Marks, regardless of whether or not these other concepts offer products and services similar to or competitive with those to be offered by Taste Buds kitchens and regardless of location, and the right to convert those locations to Taste Buds kitchens;

1.3.3 The right to own, operate, franchise or license at Special Sites. A Special Site is a Taste Buds kitchen that operates in club stores, specialty stores, grocery stores, supermarkets, catering services, special events centers, parks, stadiums, arenas, museums, art centers, military bases, airports, other public transportation facilities, government offices or institutions, department stores, health care facilities and other institutional food service facilities, hotels and motels, toll road or highway rest stops, colleges, universities, food concession stands, theaters, theme parks, amusement centers, truck stops, beaches, boardwalks and casinos, and at temporary events and retail Kitchen locations being sublet under a lease to a master concessionaire.

1.3.4 The right to be acquired by (or merge or become affiliated with) any other business operating under names other than the Proprietary Marks, including a competing business, with locations anywhere, which may result in the required conversion of the Franchised Businesses.

1.4 Developer further acknowledges and agrees that certain of the Company’s or its parent, predecessor or affiliates’ products and services, whether now existing or developed in the future, may be distributed in the Development Area by the Company, the Company’s parent, predecessor or affiliates, or the Company’s licensees or designees, through channels of distribution other than through traditional Taste Buds kitchens as the Company, in its sole discretion, shall determine, including, but not limited to, the right to distribute products and services (which may include, but are not limited to, branded and non-branded products, books, food, classes and videos), in other channels of distribution (which other channels of distribution include but are not limited to: sales of services and products at or through mail order, catalog, tele-marketing, direct mail marketing, or via the internet, and any similar outlets or distribution methods), whether now existing or developed in the future, identified by the Proprietary Marks or other marks the

Company and/or its parent, predecessor or affiliate owns or licenses, through any distribution method the Company or its parent, predecessor or affiliate may establish, and may franchise or license others to do so, both within and outside the Development Area, regardless of whether the offering of products or services in the other channels of distribution compete with a Taste Buds kitchen. The Company reserves the right, among others, to implement any distribution arrangements relating thereto. Developer understands that this Agreement grants Developer no rights (i) to distribute such products through such channels of distribution as described in this Section 1.4, or (ii) to share in any of the proceeds received by any such party therefrom.

1.5 This Agreement is not a franchise agreement and does not grant to Developer any right to use in any manner the Company's Proprietary Marks or System. Developer shall have no right under this Agreement to license others to use in any manner the Proprietary Marks or System.

## **2.DEVELOPMENT FEE**

2.1 In consideration of the development rights granted herein, Developer shall pay to the Company, upon execution of this Agreement, the development fee set forth on Exhibit "3" (the "Development Fee"), receipt of which is hereby acknowledged by the Company, and which shall be deemed fully earned and non-refundable upon execution of this Agreement in consideration of the administrative and other expenses incurred by the Company and for the development opportunities lost or deferred as a result of the rights granted Developer herein.

## **3.DEVELOPMENT OBLIGATIONS**

3.1 In exercising its development rights and fulfilling its development obligations under this Agreement, Developer shall execute a Franchise Agreement for each Franchised Business at a site approved by the Company in the Development Area as hereinafter provided. The Franchise Agreement for the first Franchised Business developed hereunder shall be in the form of the then-current Franchise Agreement and shall be executed concurrently with this Agreement. The Franchise Agreement for each additional Franchised Business developed hereunder shall be the form of the then-current Franchise Agreement being offered for new Taste Buds Kitchen franchises, generally, by the Company at the time each such Franchise Agreement is executed. Developer shall not be required to pay a separate initial franchise fee. The terms and conditions of each subsequent Franchise Agreement signed by Developer may differ from the previous Franchise Agreement.

3.2 Prior to Developer's acquisition by lease or purchase of any site for a Franchised Business, Developer shall submit to the Company, in the form specified by the Company, the description of the proposed site and such information or materials as the Company may reasonably require, together with a letter of intent or other evidence satisfactory to the Company which confirms Developer's favorable prospects for obtaining the proposed site. In the event the Company does not approve a proposed site by written notice to Developer, such site shall be deemed disapproved by the Company. The Company may present sites to Developer which meet the Company's then-current criteria and are available, but Developer shall have no obligation to accept any such sites. Developer acknowledges that Developer, and not the Company, has the duty and obligation to obtain an approved site for each Franchised Business.

3.3 Developer acknowledges that Developer is solely responsible for locating and securing sites acceptable to the Company and for negotiating leases or purchase agreements for the sites acceptable to the Company. Developer shall submit to the Company the information developed at Developer's expense that the Company requests concerning any site and lease proposed by Developer for the Company's approval under this Agreement at any time as the Company may request. Developer acknowledges and agrees that the Company's review of the site information and lease (if any), presentation of a site to



Developer, and/or approval is solely to determine if it meets the Company's criteria rather than for the purpose of determining compliance with any federal, state or local laws, codes or regulations, including, without limitation, the applicable provisions of the Americans with Disabilities Act. The Company's presentation and/or approval of the site and/or lease (if any) indicates only that the Company believes the site and lease complies with acceptable minimum criteria established by the Company solely for its purposes as of the time of the evaluation. Both Developer and the Company acknowledge that application of criteria that has been effective with respect to other sites and premises under the System may not be predictive of potential for all sites and leases and that, subsequent to the Company's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from the Company's criteria, could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond the Company's control. Developer further acknowledges and agrees that its acceptance of a site or lease is based on its own independent investigation of the suitability of the site or the lease.

3.4 Recognizing that time is of the essence, Developer agrees, by the dates described in the Development Schedule (except as set forth below), to have open and operating the minimum cumulative number of Franchised Businesses. If Developer fails, by the respective dates set forth in the Development Schedule, (i) to have open and operating the minimum number of Franchised Businesses required in the Development Schedule, or (ii) thereafter to operate the respective Franchised Businesses in accordance with the terms of the Franchise Agreements, Developer shall be in material default of this Agreement, and the Company shall have the right to all remedies described in Section 6.2 hereof.

#### **4. TERM**

4.1 Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted hereunder shall expire on the earlier of: (i) the last date specified in the Development Schedule; or (ii) the date when Developer has open and in operation all of the Franchised Businesses required by the Development Schedule.

4.2 Upon expiration or termination of this Agreement as set forth in Section 4.1 of this Agreement:

4.2.1 Developer shall not have any right to establish any Franchised Businesses for which a Franchise Agreement has not been executed by the Company at the time of expiration; and

4.2.2 The Company shall be entitled to establish and operate, and license others to establish and operate, Franchised Businesses under the System and Proprietary Marks in the Development Area.

#### **5. DUTIES OF THE PARTIES**

5.1 For each Franchised Business developed hereunder, the Company shall furnish to Developer the following:

5.1.1 Such site selection consultation as the Company may deem advisable; and

5.1.2 Such on-site evaluation as the Company may deem advisable as part of its evaluation of Developer's request for site approval; provided, however, that the Company has no obligation to provide on-site evaluation for any proposed site prior to the Company's receipt of such information and materials required under Section 3.2 hereof, including, but in no way limited to, a

description of the proposed site and a letter of intent or other evidence satisfactory to the Company which confirm Developer's favorable prospects for obtaining the proposed site. The Company may choose not to provide on-site evaluation for any proposed site if Developer has not yet signed the applicable Franchise Agreement.

5.1.3 Review site survey information on sites Developer selects for conformity to the Company's standards and criteria for potential sites and, if the site meets the Company's criteria, approve the site for a Franchised Business.

5.1.4. Provide Developer with standard specifications and layouts for building and furnishing the Franchised Business.

5.2 Developer accepts the following obligations:

5.2.1 A Developer that is a corporation shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

5.2.1.1 Developer shall furnish the Company with its Articles of Incorporation, Bylaws, other governing documents and any amendments thereto including the Resolution of the Board of Directors authorizing entry into this Agreement. The Company shall maintain the right to review other of Developer's corporate documents from time to time as it, in its sole discretion, deems advisable.

5.2.1.2 Developer shall be a newly organized corporation, and shall at all times confine its activities, and its governing documents, shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Franchised Businesses to be developed hereunder.

5.2.1.3 Developer shall maintain stop transfer instructions against the transfer on its records of any equity securities; and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

The transfer of this stock is subject to the terms and conditions of a Multi-Unit Developer Agreement with Taste Buds Kitchen International, LLC, dated \_\_\_\_\_. Reference is made to the provisions of the said Multi-Unit Developer Agreement and to the Articles and Bylaws of this Corporation.

Notwithstanding the above, the requirements of this Section 5.2.1.3 shall not apply to a "publicly-held corporation". A "publicly-held corporation" for purposes of this Agreement shall mean a corporation registered pursuant to the Securities and Exchange Act of 1934.

5.2.1.4 Developer shall maintain a current list of all owners of record and, to its knowledge, all beneficial owners of any class of voting securities of Developer and shall furnish the list to the Company upon request, and in no event less frequently than when a change is made to same.

5.2.2 A Developer that is a partnership shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

5.2.2.1 Developer shall furnish the Company with its partnership agreement as well as such other documents as the Company may reasonably request, and any amendments thereto, which shall contain a restriction on transfer of any partnership interest without the prior written consent of the Company.

5.2.2.2 Developer shall prepare and furnish to the Company, upon request but in no event less frequently than when a change is made to same, a list of all general and limited partners in Developer.

5.2.3 A Developer that is a limited liability company shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

5.2.3.1 Developer shall furnish the Company with a copy of its operating agreement and other governing documents and any amendments thereto. The Company shall maintain the right to review other of Developer's limited liability company documents from time to time as it, in its sole discretion, deems advisable including all documents the Company may reasonably request, and any amendments thereto.

5.2.3.2 Developer shall be a newly organized limited liability company, and shall at all times confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder.

5.2.3.3 Developer shall maintain a current list of all members and managers of record and shall furnish the list to the Company upon request, but in no event less frequently than when a change is made to same and no transfer of any membership interest can occur without the prior notice to the Company.

5.2.4 Developer represents and warrants that, as of the Effective Date, the list of owners and their respective ownership interests described in Exhibit "2" attached hereto is complete and accurate.

5.2.5 As a condition of the effectiveness of this Agreement, all owners with any interest in Developer, and their spouses (as well as spouses of any owners signing in their individual capacity), shall execute the Guaranty attached as Exhibit "4" hereto.

5.2.6 Developer shall comply with all requirements of federal, state, and local laws, rules, and regulations.

5.2.7 Developer shall comply with all of the other terms, conditions and obligations of Developer under this Agreement.

## **6. DEFAULT**

6.1 Developer shall be deemed in default under this Agreement, and Company may terminate this Agreement immediately, upon written notice to Developer, if Developer (or any of Developer's owners): (i) falsifies any information or material provided to the Company or misrepresents anything on its application submitted to the Company; (ii) has insolvency proceedings instituted; (iii) makes a general assignment for the benefit of creditors; (iv) has a petition in bankruptcy filed or such a petition is filed

against and consented to by Developer; (v) is adjudicated a bankrupt or insolvent; (vi) has a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets filed and consented to by Developer or a receiver is appointed by any court of competent jurisdiction; (vii) has execution levied against Developer's business or assets; (viii) has a suit filed to foreclose any lien or mortgage against the premises or equipment against Developer and not dismissed within thirty (30) days or if the real or personal property of any of Developer's Franchised Businesses shall be sold after levy thereupon by any sheriff, marshal or constable; (ix) uses the Company's Confidential Information in an unauthorized way (or any spouse does); (x) breaches a covenant, including the non-competition covenants (or any spouse does); (xi) commits any acts of moral turpitude or other criminal acts which may affect the reputation or the goodwill of the Proprietary Marks; (xii) is convicted of or pleads guilty or nolo contendere of a felony; (xiii) fails to meet the Development Schedule; (xiv) fails to comply with any Franchise Agreement or any other agreement between Developer or any of its affiliates and the Company, its parent, predecessor or affiliates or subsidiaries resulting in a termination of such agreement; (xv) fails to comply with applicable law; (xvi) uses the Proprietary Marks or System in an unauthorized manner; (xvii) fails to obtain Company's prior written consent where required, including in relation to site approval or site plan approval; or (xviii) if an unauthorized transfer is made or attempted to be made in violation of Section 7.2 hereof,

6.2 Upon such default, the Company shall have the right, in its sole discretion:

6.2.1 To terminate this Agreement and all rights granted hereunder without affording Developer any opportunity to cure the default, effective immediately upon receipt by Developer of written notice; or

6.2.2 To terminate the territorial protection granted under Section 1.3 hereof, and the Company shall have the right to establish and operate, and license others to establish and operate, Franchised Businesses within the Development Area

6.3 Upon termination or expiration of this Agreement, Developer shall have no right to establish or operate any Franchised Businesses for which a Franchise Agreement has not been executed by the Company at the time of termination. The Company shall have the right to establish and operate, and to license others to establish and operate, franchised businesses under the System and the Proprietary Marks in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed between the Company and Developer.

6.4 All defaults not listed in Section 6.1 are considered curable defaults and shall have a 30-day cure period.

6.5 No right or remedy herein conferred upon or reserved to the Company is exclusive of any other right or remedy provided or permitted by law or equity.

## **7. TRANSFERS**

7.1 Transfer by the Company:

The Company shall have the right to transfer, assign or delegate all or any part of its rights or obligations herein to any person or legal entity. Developer agrees hereby to consent to any such assignment and delegation and to execute any documents in connection therewith as reasonably requested by the Company. Any such assignment shall be binding upon and inure to the benefit of the Company's successors and assigns.

## 7.2 Transfer by Developer:

Developer understands and acknowledges that the rights and duties set forth in this Agreement are unique to Developer, and are granted in reliance on the business skill, financial capacity, and personal character of Developer or Developer's owners. Developer shall have no right to transfer, sell, assign or encumber this Agreement, in whole or in part, without the prior written consent of the Company. Additionally, a sale, transfer, encumbrance or assignment requiring the prior written consent of the Company shall be deemed to occur: (i) if Developer is a corporation or limited liability company, upon any change, assignment, sale, pledge or transfer of any of the voting stock or membership interests of Developer including any ownership restructuring of Developer or of any owners of Developer or (ii) if Developer is a partnership, upon the change, assignment, sale, pledge or transfer of any partnership ownership, including an ownership restructuring of Developer or of any owners of Developer. If Developer or its equity owners propose to transfer or assign any of Developer's interest in this Agreement or in the business conducted under this Agreement or in Developer or Developer's owners to any third party in connection with a bona fide offer from such third party, Developer or its equity owners shall first tender to the Company the right of first refusal to acquire such interest in accordance with the provisions and other conditions set forth below, and then if the Company fails to exercise said right, only with the prior written consent of the Company. The Company's consent shall not be unreasonably withheld. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of the Company, shall be null and void and shall constitute a material breach of this Agreement, for which the Company may then terminate this Agreement without opportunity to cure pursuant to Section 6.1 of this Agreement. Developer acknowledges and agrees that each condition which must be met by the transferee developer is necessary to assure such transferee's full performance of the obligations hereunder. The Company shall not unreasonably withhold its consent to a transfer, sale, assignment or encumbrance of this Agreement, or a direct or indirect interest in Developer, or of Developer's business, or of the assets of Developer; provided, however, the Company may, in its sole discretion, require as a condition of its approval that:

7.2.1 All of Developer's accrued monetary obligations to the Company and its parent, predecessor and affiliate and all other outstanding obligations related to the terms and conditions under this Agreement shall have been satisfied.

7.2.2 Developer (and its owners or affiliates) is not in default of any material provision of this Agreement, any amendment hereof or successor hereto, or any other agreement with the Company, or its subsidiaries parent, predecessor and affiliate.

7.2.3 The transferor shall have executed a general release a form satisfactory to the Company, of any and all claims against the Company, its parent, predecessor and affiliate and their officers, directors, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances.

7.2.4 If the transfer is taking place pursuant to a transfer or sale of a direct or indirect interest in Developer, or of Developer's business, or of the assets of Developer, transferor shall provide the Company with an executed copy of the purchase agreement.

7.2.5 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) shall enter into a written transfer agreement, in a form satisfactory to the Company, assuming and agreeing to discharge all of Developer's obligations under this Agreement, and all the owners of any interest in Developer (if Developer is an entity) shall execute the Company's then-current form of guaranty of Developer's obligations hereunder.

7.2.6 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) shall demonstrate to the Company's satisfaction that the transferee meets the Company's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the business contemplated herein (as may be evidenced by prior related business experience or otherwise) and has adequate financial resources and capital to comply with the Development Schedule.

7.2.7 At the Company's option the transferee (and, if the transferee is other than an individual, such owners of a legal or beneficial interest in the transferee as the Company may request) shall assume this Agreement or execute (and/or, upon the Company's request, shall cause all interested parties to execute), the Company's then-current standard form of multi-unit developer agreement which agreement shall supersede this Agreement in all respects and the terms of which agreement may differ from the terms of this Agreement; provided, however, that the Development Schedule thereunder shall be the same as in this Agreement.

7.2.8 Developer shall remain liable for all obligations of Developer's business prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by the Company to evidence such liability.

7.2.9 Each Franchised Business which has opened and been approved for operation by the Company is in full compliance with all the conditions and terms of the Franchise Agreement for such Franchised Business.

7.2.10 Developer shall pay a transfer fee of Twenty Thousand Dollars (\$20,000), plus applicable broker fees; provided, however, in the case of (i) a one-time transfer to a corporation or limited liability company formed by Developer for the convenience of ownership with the same ownership composition as Developer (i.e an Assignment pursuant to the Company's then-current form of Agreement, an example of which is attached hereto as Exhibit 6) or (ii) a transfer to an existing Company franchisee, such fee shall be waived.

7.3 Developer shall use its best efforts in the event it grants a security interest in any of the assets of the business licensed hereunder to cause the secured party to agree that in the event of any default by Developer under any documents related to the security interest, the Company shall have the right and option to be substituted as obligor to the secured party and to cure any default of Developer, it being understood that such right of the Company may be subordinate to the rights of Developer's lenders or landlord.

7.4 For any transfer triggering the Company's right of first refusal pursuant to Section 7.2, the Company or its designated affiliate shall have the right and option, exercisable within thirty (30) days after receipt of written notification, to send written notice to the seller that the Company or its parent, predecessor or affiliate intends to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that the Company or its parent, predecessor or affiliate elects to purchase the seller's interest, no material change in any offer and no other offers by a third party for such interest shall be considered with respect to the Company's right of first refusal. In the event that the Company or its parent, predecessor or affiliate elects to purchase the seller's interest, closing on such purchase must occur within ninety (90) days from the date of notice to the seller of the election to purchase by the Company or its parent, predecessor or affiliate. In the event that the Company or its parent, predecessor or affiliate has elected not to purchase the seller's interest, any material change in the terms of any offer prior to closing by any third party shall constitute a new offer subject to the same rights of first refusal by the Company

described in this Section 7.1 as in the case of an initial offer. Failure by the Company or its parent, predecessor or affiliate to exercise the option afforded by this Section 7.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 7.4 with respect to a proposed transfer. In the event the consideration, terms, and/or conditions offered by a third party are such that the Company or its designated affiliate may not reasonably be required to furnish the same consideration, terms, and/or conditions, then the Company or its parent, predecessor or affiliate may purchase the interest in the Developer's business proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, an independent appraiser shall be designated by mutual agreement of the Company and Developer, and that determination shall be binding. If the Company and Developer cannot agree upon the selection of a single appraiser, then each party shall designate one (1) such appraiser and the two (2) designated appraisers, in turn, shall designate a third-party appraiser and the determination of the three (3) appraisers shall be binding.

7.5 Upon the death or mental incompetency of any person with a controlling interest in this Agreement or in Developer, the transfer of which requires the consent of the Company as provided in Section 7.1 hereof, the executor, administrator, personal representative, guardian, or conservator of such person shall designate a replacement within ninety (90) days and transfer such interest within one-hundred and twenty (120) days after such death or mental incompetency to a third party approved by the Company. Such transfers, including, without limitation, transfers by devise or inheritance, shall 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 of this Section 7, the personal representative of the deceased person shall have a reasonable time to dispose of the deceased's interest, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, the Company may terminate this Agreement.

7.6 The Company's consent to any transfer under this Section 7 shall not constitute a waiver of any claims the Company may have against the transferring party, nor shall it be deemed a waiver of the Company's right to demand exact compliance with any of the terms of this Agreement by the transferee.

## **8. COVENANTS**

8.1 Developer covenants that during the term of this Agreement, except as otherwise approved in writing by the Company, Developer or, if Developer is a corporation, partnership, or limited liability company, a principal of Developer approved by the Company, shall devote full time, energy, and best efforts to the management and operation of the business contemplated hereunder.

8.2 Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive valuable confidential information, including, without limitation, information regarding the site selection and marketing methods and techniques of the Company and the System. Developer covenants that during the term of this Agreement, except as otherwise approved in writing by the Company, Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

8.2.1 Divert or attempt to divert any business or client of Developer's Franchised Businesses or any Taste Buds Kitchen franchised business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's Proprietary Marks and/or the System; or

8.2.2 Own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any business of a character and concept similar to Taste Buds Kitchen, including a culinary entertainment business which offers and sells the same or substantially similar products (a “Competitive Culinary Entertainment Business”). The prohibitions in this Section 8.2.2 shall not apply to interests in or activities performed in connection with a Franchised Business.

8.3 Developer covenants that, except as otherwise approved in writing by the Company, Developer shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or limited liability company, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competing Business within:

8.3.1 the Development Area; or

8.3.2 twenty (20) miles of the Development Area

8.3.3 twenty (20) miles of any franchised business operating under the System and/or utilizing the Proprietary Marks.

8.4 Section 8.3 shall not apply to ownership by Developer of less than a one percent (1%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities and Exchange Act of 1934.

8.5 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8.

8.6 Developer understands and acknowledges that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 8.2 and 8.3 in this Agreement or any portion thereof, without Developer’s consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees to comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 13 hereof.

8.7 Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed by the Company, regardless of form, including but not limited to, items relative to site selection, site design, development and marketing methods and techniques; financial information; proprietary information regarding the System; and confidential information of franchisees, customers and vendors (the “Confidential Information”) and Developer shall disclose such information or materials only to employees or agents who must have access to it in connection with their employment. Developer shall not at any time, without the Company’s prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person nor use it for any purpose other than in connection with the development rights granted hereunder.



8.8 Developer expressly acknowledges that the existence of any claims which Developer may have against the Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by the Company of the covenants in this Section 8.

8.9 Developer acknowledges that Developer’s violation of the terms of this Section 8 would result in irreparable injury to the Company and/or its parents, affiliates or predecessors for which no adequate remedy at law may be available. Accordingly, the Company shall be entitled to seek equitable and injunctive relief against actual or threatened conduct that shall cause such loss or damages, without the necessity of proving actual damages or posting a bond. In any such action for equitable relief, injunctive relief or specific performance, Developer agrees to pay all court costs and reasonable attorneys’ fees incurred by the Company in seeking to prohibit any conduct by Developer in violation of the terms of this Section 8.

8.10 With respect to each person who is or becomes associated with Developer in an ownership capacity, Developer shall require and obtain such covenants from them and promptly provide the Company with executed copies of such covenant which are included in the Guaranty that must be executed by them. In no event shall any person (or spouse) enumerated be granted access to any confidential aspect of the System or any Franchised Business prior to execution of such a covenant. Further, in the case of a non-owner, no access shall be granted prior to execution of a confidentiality agreement in a form approved by the Company (the Company’s current form is attached as Exhibit “5”) and shall identify the Company as a third-party beneficiary of such covenants with the independent right to enforce them. Failure by Developer to obtain execution of a covenant required by this Section 8.9, and provide the same to the Company, shall constitute a material breach of this Agreement.

8.11 Developer shall be liable to the Company for all actions and omissions with respect to the Company’s confidential information of Developer’s employees and representatives who have access to the Company’s confidential information.

**9. NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be either personally delivered; sent by nationally recognized overnight courier (Ex: FedEx); sent by certified or registered mail, return receipt requested; or sent by email (provided that the sender also sends a copy by certified or registered mail or recognized overnight courier contemporaneously) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party. Notwithstanding the foregoing, Developer’s knowledge of a change in the Company’s principal place of business shall be deemed adequate designation of a change and notice shall be sent to the Company’s new address.

Notices to the Company:

TASTE BUDS KITCHEN INTERNATIONAL,  
LLC  
800-D Abruzzi Drive  
Chester, MD 21619  
Attn: CEO

Notices to Developer:

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

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of email, upon confirmation of receipt (or confirmation of delivery via contemporaneous methods required above, whichever occurs first) or, in the case of overnight courier, on the next business day after mailing, or in the case of registered or certified mail, three (3) business days after the date and time of mailing.

## **10. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

10.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that Developer shall 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, or servant of the other for any purpose whatsoever.

10.2 During the term of this Agreement, Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. Developer agrees to take such affirmative action as shall be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place, the content of which the Company reserves the right to specify.

10.3 Developer understands and agrees that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty, or representation on the Company's behalf, or to incur any debt or other obligation in the Company's name.

10.4 Developer shall indemnify, defend and hold the Company and its parents, affiliates and predecessors and any of their officers, directors, and employees (the "Indemnified Parties") harmless against any and all claims arising directly or indirectly from, as a result of, or in connection with Developer's activities (or omissions), or those of its owners, employees or representatives, and from all costs (including attorney's fees), damages, sums of money, settlements, or judgments. In the settlement of any matter hereunder, in no event shall Developer be permitted to admit fault on behalf of the Indemnified Parties nor to agree to any provision that places any obligations or restrictions on an Indemnified Party (including the payment of any money) without the Indemnified Party's express written consent. At Developer's expense and risk, the Indemnified Party may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation, provided that the Indemnified Party will seek Developer's advice and counsel and shall keep Developer informed with regard to any such proposed or contemplated settlement(s). Such an undertaking by an Indemnified Party shall in no manner or form diminish Developer's obligation to indemnify the Indemnified Party and to hold the party harmless.

## **11. APPROVALS AND WAIVERS**

11.1 Whenever this Agreement requires the prior approval or consent of the Company, Developer shall make timely written request to the Company therefor; and, except as otherwise provided herein, any approval or consent granted shall be in writing.

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

waiver by the Company of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by the Company of any payments due to it hereunder shall not be deemed to be a waiver by the Company of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

## **12. SEVERABILITY AND CONSTRUCTION**

12.1 Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any 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 shall 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 shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

12.2 Nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than the Company or Developer and such of their respective successors and assigns as may be contemplated by Section 7 hereof, any rights or remedies under or by reason of this Agreement, except as expressly provided for herein.

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

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

## **13. ENTIRE AGREEMENT**

This Agreement, the documents referred to herein, and the Attachments hereto, if any, constitute the entire, full, and complete agreement between the Company and Developer concerning the subject matter hereof and supersede any and all prior agreements. Nothing in the agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

## **14. APPLICABLE LAW AND JURISDICTION**

14.1 **Amendments.** THIS AGREEMENT MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. NOTHING IN THIS AGREEMENT IS INTENDED TO DISCLAIM ANY INFORMATION CONTAINED IN THE COMPANY'S FRANCHISE DISCLOSURE DOCUMENT.

14.2 **Choice of Law and Selection of Venue.** This Agreement shall be governed by the laws of the State of Maryland. Except as provided in Sections 14.3 below, any action at law or equity instituted against either party to this Agreement shall be commenced only in the Courts in the then-current County and State where the Company's corporate headquarters is located. Developer hereby irrevocably consents to the personal jurisdiction of the then-current County and State where the Company's corporate

headquarters is located. Any action or proceeding under this Agreement shall be brought on an individual basis, and not on a class-wide or multiple plaintiff basis, unless prohibited by law.

**14.3 Injunctive Relief.** Nothing in this Agreement shall prevent the Company from obtaining injunctive relief against actual or threatened conduct that shall cause it loss or damages, in any appropriate forum under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions without the necessity of proving actual damages or posting a bond. In any such action for equitable relief, injunctive relief or specific performance, Developer agrees to pay all court costs and reasonable attorneys' fees incurred by the Company in seeking to prohibit any conduct by Developer.

**14.4 Counsel Fees and Costs.** If the Company engages an attorney to collect any unpaid amounts (whether or not judicial proceedings are initiated), Developer must pay all reasonable attorneys' fees, court costs and collection expenses incurred by the Company. If Developer is in breach or default of any non-monetary material obligation and the Company engages an attorney to enforce its rights (whether or not judicial proceedings are initiated), Developer must pay all reasonable attorneys' fees, court costs and litigation expenses. If Developer institutes any legal action to interpret or enforce the terms of this Developer Agreement, and its claim in the action is denied or the action is dismissed, the Company may recover its reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against the same.

**14.5 Construction of Language.** The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. The BACKGROUND Section at the beginning of this Agreement contains contractual terms that are not mere recitals.

**14.6 Successors.** References to the Company or Developer include their successors, assigns or transferees, subject to the limitations of this Agreement.

**14.7 Reformation.** If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to the Company or its parent, predecessor or affiliate or protection of the Proprietary Marks, or the Confidential Information, including the Confidential Operations Manual and the Company's other trade secrets, is declared invalid or unenforceable, then the Company at its option may terminate this Agreement immediately upon written notice to Developer.

**14.8 Force Majeure.** Neither the Company, its parent, predecessor or affiliate nor Developer shall be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations results from circumstances beyond the reasonable control of a party, including but not limited to fire, flood, earthquake or other natural disasters, or acts of a public enemy, war, rebellion or sabotage. Any delay resulting from any such cause shall extend the time of performance, provided however, in the event that any such delay extends any deadline under the Development Schedule in excess of ninety (90) days the Company may, at its option, terminate this Agreement.

14.9 **Rights Cumulative.** No right or remedy under this Agreement shall be deemed to be exclusive of any other right or remedy under this Agreement or of any right or remedy otherwise provided by law or equity. Each right and remedy will be cumulative.

14.10 **PARTIES. THE SOLE ENTITY AGAINST WHICH DEVELOPER MAY SEEK DAMAGES OR ANY REMEDY UNDER LAW OR EQUITY OR ANY CLAIM IS AGAINST THE COMPANY OR ITS SUCCESSORS OR ASSIGNS. THE SHAREHOLDERS, MEMBERS, GENERAL MANAGERS, OFFICERS, EMPLOYEES, AGENTS AND REPRESENTATIVES OF THE COMPANY AND OF ITS PARENT, PREDECESSOR AND AFFILIATE SHALL NOT BE NAMED AS A PARTY IN ANY LITIGATION, ARBITRATION OR OTHER PROCEEDINGS COMMENCED BY DEVELOPER IF THE CLAIM ARISES OUT OF OR RELATES TO THIS AGREEMENT.**

14.11 **LIMITATION OF LIABILITY. TO THE EXTENT PERMITTED BY LAW, IN NO EVENT SHALL THE COMPANY BE LIABLE FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, PUNITIVE OR ANY OTHER DAMAGES THAT ARE NOT DIRECT DAMAGES, REGARDLESS OF THE NATURE OF THE CLAIM FOR DAMAGES.**

14.12 **JURY TRIAL WAIVER. THE COMPANY AND DEVELOPER, RESPECTIVELY, WAIVE ANY RIGHT EITHER MIGHT HAVE TO TRIAL BY JURY ON ANY AND ALL CLAIMS ASSERTED AGAINST THE OTHER. THE COMPANY AND DEVELOPER, RESPECTIVELY, EACH ACKNOWLEDGE THAT THEY HAVE HAD A FULL OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL CONCERNING THIS WAIVER, AND THAT THIS WAIVER IS INFORMED, VOLUNTARY, INTENTIONAL AND NOT THE RESULT OF UNEQUAL BARGAINING POWER.**

## **15. ACKNOWLEDGMENTS, REPRESENTATIONS AND WARRANTIES**

15.1 Developer acknowledges that it received the Company's current Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Developer further acknowledges that it received a completed copy of this Agreement, and all related agreements attached to the Franchise Disclosure Document, with any changes to such agreements unilaterally and materially made by the Company at least seven (7) calendar days prior to the date on which this Agreement and all related agreements were executed.

15.2 This Agreement may be signed in counterparts, each of which when taken together shall form one valid and effective agreement which may be electronically signed, and any digital or electronic signatures (including pdf or electronically imaged signatures provided by DocuSign or any other digital signature provider) will be treated the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and delivery of any such electronic signature, or a signed copy of this Agreement, may be made by email or other electronic transmission.

15.3 Developer acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Executive Order"), the Company is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order. Accordingly, Developer represents and warrants to the Company that as of the date of this Agreement, neither Developer nor any person holding any ownership interest in Developer, controlled by Developer, or under common control with Developer is designated under the Executive Order as a person with whom business may not be transacted by the Company, and

that Developer (1) does not, and hereafter shall not, engage in any terrorist activity; (2) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (3) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed, and delivered this Agreement on the date executed by the Company and listed above as the Effective Date.

**DEVELOPER**

\_\_\_\_\_

Dated:\_\_\_\_\_

**TASTE BUDS KITCHEN  
INTERNATIONAL, LLC**

\_\_\_\_\_

Dated:\_\_\_\_\_

**EXHIBIT 1 TO  
TASTE BUDS KITCHEN INTERNATIONAL, LLC  
MULTI-UNIT DEVELOPER AGREEMENT**

**DEVELOPMENT AREA**

The following describes the Development Area within which Developer may locate “Taste Buds Kitchen”  
Kitchens under this Agreement:

---

---

**(DEVELOPER)**

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

DATED: \_\_\_\_\_

**TASTE BUDS KITCHEN  
INTERNATIONAL, LLC**

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

DATED: \_\_\_\_\_

**EXHIBIT 2 TO  
TASTE BUDS KITCHEN INTERNATIONAL, LLC  
MULTI-UNIT DEVELOPER AGREEMENT**

**Statement of Ownership Interest**

**Developer Owners**

1. **Form of Owner.** (Choose (a) or (b))

(a) **Individual Proprietorship.** List individual(s):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(b) **Corporation, Limited Liability Company, or Partnership:**

Name: \_\_\_\_\_  
Date of incorporation or formation: \_\_\_\_\_  
State of incorporation of formation: \_\_\_\_\_

The following is a list of your directors/managers/officers, as applicable, and officers as of the date of execution:

<b><u>Name of Each Director/Manager/Officer</u></b>	<b><u>Position(s) Held</u></b>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. **Principals.** The following list includes the full name of each person or entity who is one of your owners and fully describes the nature of each owner's interest (attach additional pages if necessary).

	<b><u>Principal's Name</u></b>	<b><u>Percentage/Description of Interest</u></b>
(a)	_____	_____



- (b) \_\_\_\_\_
- (c) \_\_\_\_\_
- (d) \_\_\_\_\_

3. **Identification of Operating Principal.** Your Operating Principal is \_\_\_\_\_  
\_\_\_\_\_ (must be one of the individuals listed in paragraph 2 above. You may not change the Operating Principal without prior written approval. The Operating Principal is the person authorized to receive communications regarding this Agreement).

Address: \_\_\_\_\_  
\_\_\_\_\_

E-mail Address: \_\_\_\_\_

**DEVELOPER**

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

Name:

Title:

Dated: \_\_\_\_\_

**TASTE BUDS KITCHEN  
INTERNATIONAL, LLC**

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

Name:

Title:

Dated: \_\_\_\_\_

**EXHIBIT 3 TO  
TASTE BUDS KITCHEN INTERNATIONAL, LLC  
MULTI-UNIT DEVELOPER AGREEMENT**

**Development Schedule/ Development Fee**

Developer agrees to develop and open Taste Buds kitchens in the Development Area according to the following schedule:

Number of Kitchens to be Opened	Kitchen to be Opened By (Date)	Cumulative Number of Kitchens to be Open and Operating by Opening Date (in previous column)
1	Within ____ months from Effective Date of the Multi-Unit Developer Agreement	1
1	Within ____ months from Effective Date of the Multi-Unit Developer Agreement	2
1	Within ____ months from Effective Date of the Multi-Unit Developer Agreement	3
1	Within ____ months from Effective Date of the Multi-Unit Developer Agreement	4
1	Within ____ months from Effective Date of the Multi-Unit Developer Agreement	5

Development Fee: \$ \_\_\_\_\_

**DEVELOPER**

**TASTE BUDS KITCHEN INTERNATIONAL LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

**EXHIBIT 4 TO  
TASTE BUDS KITCHEN INTERNATIONAL, LLC  
MULTI-UNIT DEVELOPER AGREEMENT**

**GUARANTY**

The undersigned persons designated as “Principals” hereby represent to Taste Buds Kitchen, LLC (the “Company”) that they are all of the shareholders of, or all of the general partners of, all of the members and managers of, \_\_\_\_\_ (“Developer”), as the case may be. Each such Principal also represents that his or her spouse is also listed herein as a “Spousal Guarantor”. In consideration of the grant by the Company to Developer, as provided under the multi-unit developer agreement dated \_\_\_\_\_, (the “MUDA”), each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be firmly bound by all of the terms, provisions and conditions of the foregoing MUDA, that they and each of them do unconditionally guarantee the full and timely performance by Developer of each and every obligation of Developer under the MUDA, including, without limitation, any indebtedness of Developer arising under or by virtue of the MUDA to the Company and/or its affiliate, and that they and each of them shall not permit or cause any change in the percentage of Developer owned, directly or indirectly, by any person, without first notifying the Company of said proposed transfer and obtaining the prior written consent of the Company, following the Company’s transfer procedures and without first paying or causing to be paid to the Company any required transfer fee. The undersigned further agree to be bound by the in-term and post-termination covenants of the MUDA including, without limitation, those relating to confidentiality and non-competition. The undersigned also agree that the governing law and methods for resolution of disputes which govern this Guaranty shall be the same as those outlined in the MUDA.

**EACH GUARANTOR ACKNOWLEDGES THAT HE OR SHE HAS READ THIS PERSONAL GUARANTY, UNDERSTANDS ITS TERMS, AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTY IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**

**Undersigned:**

Principals:

\_\_\_\_\_  
Print Name:  
Address: \_\_\_\_\_  
Dated: \_\_\_\_\_

\_\_\_\_\_  
Print Name:  
Address: \_\_\_\_\_  
Dated: \_\_\_\_\_

Spousal Guarantors:

\_\_\_\_\_  
Print Name:  
Address: \_\_\_\_\_  
Dated: \_\_\_\_\_

\_\_\_\_\_  
Print Name:  
Address: \_\_\_\_\_  
Dated: \_\_\_\_\_

**EXHIBIT 5 TO  
TASTE BUDS KITCHEN INTERNATIONAL, LLC  
MULTI-UNIT DEVELOPER AGREEMENT**

**CONFIDENTIALITY AGREEMENT  
(for employees of Developer)**

1. Pursuant to a Multi-Unit Developer Agreement dated \_\_\_\_\_ (the “MUDA”), \_\_\_\_\_ (the “Developer”) has acquired the right and franchise from Taste Buds Kitchen International, LLC (the “Company”) to develop Taste Buds kitchens (the “Franchised Business”).

2. The Company, as the result of the expenditure of time, skill, effort and resources, has developed and owns a distinctive format and system (the “System”) relating to the establishment and operation of Taste Buds kitchens. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes but is not limited to, proprietary trade secrets, recipes, specifications, security protocols, computer hardware and systems, technology and equipment used, methods of business practices and management, research and development, training processes, operational manuals, presentation materials, vendor agreements, supplier lists, vendor lists, marketing and merchandising strategies, plans for new product or service offerings, and knowledge of, and experience in, the operation of Franchised Businesses (the “Confidential Information”). Confidential Information shall also expressly include all customer and franchisee personal and business information that I obtain or have access to during my employment, as well as the confidential information of any other third parties to whom the Company owes a duty of confidentiality. Further, any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

3. In consideration for my access to the Confidential Information as part of my employment with Developer, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree to the terms of this Confidentiality (the “Agreement”).

4. As an employee of Developer, the Company and/or Developer may disclose the Confidential Information to me via training programs, the Company’s Confidential Operations Manuals (the “Manuals”), or otherwise during the term of my employment with the Developer.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in performing my duties for Developer during the term of my employment and the use or duplication of the Confidential Information for any use outside the System is strictly prohibited. I covenant that I will not forward, disclose or provide the Confidential Information to any third party, nor store it on any personal or third-party electronic device, disk, drive, or otherwise, unless expressly authorized to do so by the Company.

6. Any work performed by me during my employment with Developer in relation to Taste Buds or the MUDA and any derivative works created by me using the Confidential Information or any proprietary information of the Company are considered “works made for hire” and I will have no ownership interest in the items created.

7. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of Developer, and will continue

not to disclose or use any such information even after I cease to be employed by Developer, unless I can demonstrate that such information has become generally known to the public other than by the breach of an obligation of Developer under the MUDA, a breach of the employees or associates of Developer, or a breach of my own duties or the duties hereunder.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

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

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

11. This is not a contract for employment and does not guaranty my employment for any set period of time. I agree and understand that Developer is my employer and I have no employment relationship with the Company.

12. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Maryland, excluding that body of law known as choice of law, and shall be binding upon the parties hereto in the United States and worldwide. The parties agree that service of process in any such action may be made if delivered in person, by courier service, or by first class mail, and shall be deemed effectively given upon receipt. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

13. I hereby irrevocably agree that the forum for any suit will lie with a court of competent jurisdiction in Queen Anne's County, Maryland or the applicable district court in Maryland and hereby agree to the personal jurisdiction and venue of such court.

14. This Agreement will be binding upon me, my heirs, and personal representatives, and shall inure to the benefit of Company and Developer and any of their affiliates, parents, subsidiaries, successors and assigns. I understand that this Agreement may and will be assigned or transferred to any successor of

the Company, and any successor will be deemed substituted, for all purposes, as the “Company” under the terms of this Agreement. As used in this Agreement the term “successor” will mean any person, firm, corporation, or business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets of the business of the Company. I acknowledge that the services to be rendered by me in my employment are unique and personal. Accordingly, I may not assign any of my rights nor delegate any of my duties or obligations under this Agreement.

15. This Agreement may not be modified except by a written agreement executed by the Parties, which has been approved by the Company.

16. This Agreement may be signed in counterparts, each of which when taken together shall form one valid and effective agreement which may be electronically signed, and any digital or electronic signatures (including pdf or electronically imaged signatures provided by DocuSign or any other digital signature provider) will be treated the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and delivery of any such electronic signature, or a signed copy of this Agreement, may be made by email or other electronic transmission.

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

**DEVELOPER**

By: \_\_\_\_\_  
Name:  
Title:  
Dated: \_\_\_\_\_

**EXHIBIT 6 TO  
TASTE BUDS KITCHEN INTERNATIONAL, LLC  
MULTI-UNIT DEVELOPER AGREEMENT**

**ASSIGNMENT AND ASSUMPTION AGREEMENT**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the “**Agreement**”) is made and entered into as of the date this Agreement is executed by the Company (the “**Effective Date**”) by and among TASTE BUDS KITCHEN INTERNATIONAL, LLC, a Maryland limited liability company with its principal place of business at 800-D Abruzzi Drive, Chester, MD 21619 (“**Company**”) \_\_\_\_\_ an individual with an address at \_\_\_\_\_ (“**Assignor**”) and \_\_\_\_\_ (“**Assignee**”).

**BACKGROUND**

A. Assignor and Company entered into a certain Multi-Unit Developer Agreement dated \_\_\_\_\_ (the “**MUDA**”) whereby Assignor was given the right and undertook the obligation to develop \_\_\_\_\_ Taste Buds Kitchen Franchised Businesses (the “**Franchised Businesses**”) within the Development Area designated on Exhibit 1 to the MUDA.

B. Assignor has organized and incorporated Assignee for the convenience and sole purpose of developing said Franchised Businesses.

C. Assignor desires to assign the rights and obligations under the MUDA to Assignee pursuant to and in accordance with the provisions of the MUDA.

D. Company is willing to consent to the assignment of the MUDA to Assignee, subject to the terms and conditions of this Agreement, including the agreement by Assignor to guarantee the performance by Assignee of its obligations under the MUDA.

**AGREEMENT**

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

1. Assignor hereby assigns and transfers over to Assignee all right, title and interest in and to the MUDA, effective as of the Effective Date.

2. Assignee hereby assumes all of Assignor’s obligations, agreements, commitments, duties and liabilities under the MUDA, and agrees to be bound by and observe and faithfully perform all of the obligations, agreements, commitments and duties of the Developer thereunder with the same force and effect as if the MUDA were originally written with Assignee as Developer.

3. Exhibit A to this Agreement lists all of Assignee’s owners and their interests in Assignee as of the Effective Date. Assignee agrees that it and its owners will sign and deliver to Company a revised Exhibit A to reflect any permitted changes in the information that Exhibit A now contains.

4. The Assignor as an owner of Assignee, and any spouse, and in consideration of benefits received and to be received, shall sign and deliver to Company a personal guaranty in the form attached as Exhibit B to this Agreement.

5. Assignor, for himself/herself and his/her agents, servants, employees, partners, members, heirs, predecessors, successors and assigns does hereby release Company, its officers, directors, shareholders, agents, affiliates, subsidiaries, servants, employees, partners, members, heirs, successors and assigns, from any and all claims, demands, causes of action, suits, debts, dues, duties, sums of money, accounts, reckonings, judgments, liabilities and obligations, both fixed and contingent, known and unknown, in law or in equity, under local law, state or federal law or regulation which he/she had, from the beginning of time to this date, arising under or in connection with the MUDA.

6. Assignee agrees that the Franchised Businesses which Assignee will develop will be the only businesses Assignee operates (although Assignor may have other, non-competitive business interests);

7. This Agreement shall be binding upon and inure to the benefit of the parties and their heirs, successors and assigns.

8. The governing law and methods of dispute resolution in the MUDA shall govern this Agreement as well.

9. This Agreement, and the documents referenced herein, shall constitute the entire integrated agreement between the parties with respect to the subject matter contained herein and shall supersede any prior agreements, verbal or written. This Agreement shall not be subject to change, modification, amendment or addition without the express written consent of all the parties.

10. If Company retains the services of legal counsel to enforce the terms of this Agreement, Company shall be entitled to recover all costs and expenses, including travel, reasonable attorney, expert and investigative fees, incurred in enforcing the terms of this Agreement.

11. Each party declares that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel.

12. The obligations of Assignor and Assignee under this Agreement shall be joint and several.

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

ASSIGNOR:

\_\_\_\_\_

Name:

Dated: \_\_\_\_\_



ASSIGNEE:

By: \_\_\_\_\_  
Name:  
Title:  
Dated: \_\_\_\_\_

COMPANY:

TASTE BUDS KITCHEN INTERNATIONAL,  
LLC

By: \_\_\_\_\_  
Name:  
Title:  
Dated: \_\_\_\_\_

**EXHIBIT A TO TASTE BUDS KITCHEN INTERNATIONAL, LLC  
ASSUMPTION AND ASSIGNMENT AGREEMENT**

**Developer Owners**

1. **Form of Owner.** (Choose (a) or (b))

(a) **Individual Proprietorship.** List individual(s):

\_\_\_\_\_

\_\_\_\_\_

(b) **Corporation, Limited Liability Company, or Partnership:**

Name: \_\_\_\_\_  
Date of incorporation or formation: \_\_\_\_\_  
State of incorporation or formation: \_\_\_\_\_

The following is a list of your directors/managers/officers, as applicable, and officers as of the date of execution:

<b><u>Name of Each Director/Manager/Officer</u></b>	<b><u>Position(s) Held</u></b>
_____	_____
_____	_____
_____	_____

2. **Principals.** The following list includes the full name of each person or entity who is one of your owners and fully describes the nature of each owner's interest (attach additional pages if necessary).

	<b><u>Principal's Name</u></b>	<b><u>Percentage/Description of Interest</u></b>
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____

3. **Identification of Operating Principal.** Your Operating Principal is \_\_\_\_\_  
\_\_\_\_\_ (must be one of the individuals listed in paragraph 2 above. You may not change  
the Operating Principal without prior written approval. The Operating Principal is the person authorized to  
receive communications regarding this Agreement).

Address: \_\_\_\_\_  
\_\_\_\_\_

E-mail Address: \_\_\_\_\_

**DEVELOPER**

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

Name:

Title:

Dated: \_\_\_\_\_

**TASTE BUDS KITCHEN  
INTERNATIONAL, LLC**

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

Name:

Title:

Dated: \_\_\_\_\_

**EXHIBIT B TO TASTE BUDS KITCHEN INTERNATIONAL, LLC  
ASSUMPTION AND ASSIGNMENT AGREEMENT**

**GUARANTY**

The undersigned persons designated as “Principals” hereby represent to Taste Buds Kitchen International, LLC (“Company”) that they are all of the shareholders of, or all of the general partners of, all of the members and managers of, \_\_\_\_\_ (“Developer”), as the case may be. Each such Principal also represents that his or her spouse is also listed herein as a “Spousal Guarantor”. In consideration of the grant by Company to Developer, as provided under the multi-unit developer agreement dated \_\_\_\_\_, [and later transferred to Developer] (the “MUDA”), each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be firmly bound by all of the terms, provisions and conditions of the foregoing MUDA, that they and each of them do unconditionally guarantee the full and timely performance by Developer of each and every obligation of Developer under the MUDA, including, without limitation, any indebtedness of Developer arising under or by virtue of the MUDA to Company and/or its affiliate, and that they and each of them shall not permit or cause any change in the percentage of Developer owned, directly or indirectly, by any person, without first notifying Company of said proposed transfer and obtaining the prior written consent of Company, following Company’s transfer procedures and without first paying or causing to be paid to Company any required transfer fee. The undersigned further agree to be bound by the in-term and post-termination covenants of the MUDA including, without limitation, those relating to confidentiality and non-competition. The undersigned also agree that the governing law and methods for resolution of disputes which govern this Guaranty shall be the same as those outlined in the MUDA.

**EACH GUARANTOR ACKNOWLEDGES THAT HE OR SHE HAS READ THIS PERSONAL GUARANTY, UNDERSTANDS ITS TERMS, AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTY IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**

**Undersigned:**

Principals:

Spousal Guarantors:

\_\_\_\_\_  
Print Name:  
Address: \_\_\_\_\_  
Dated: \_\_\_\_\_

\_\_\_\_\_  
Print Name:  
Address: \_\_\_\_\_  
Dated: \_\_\_\_\_

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

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

# Exhibit D

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## LIST OF FRANCHISEES AND MULTI-UNIT DEVELOPERS

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**Taste Buds Kitchen  
International, LLC**

**LIST OF FRANCHISEES AND MULTI-UNIT DEVELOPERS**

**Franchisees Open and Operating as of November 30, 2023<sup>1</sup>**

<b>Scott &amp; Susie Andersen</b> 2775 Middlefield Road Palo Alto, CA 94306 Phone – 650-485-2684	<b>Laurel Homes</b> 131 Rantoul St, Retail #3 Beverly, MA 01915 Phone – (978) 696-6088
<b>Belinda Yamashiro</b> 1150 Foxworthy Avenue, Suite 30 San Jose, CA 95118 Phone – 408-784-3000	<b>Laurel Homes</b> 14 High Street North Andover, MA 01845 Phone – (978) 655-1790
<b>Beatriz &amp; Laura Zaldivar</b> 14740 SW 26 <sup>th</sup> Street Miami, FL 33185 Phone – (786) 999-8629	<b>Keith &amp; Melissa VanHoy</b> 367 Winding Woods Center O'Fallon, MO 63366 Phone – (636) 224-8254
<b>Amanda Marijanovic</b> 2521 Waukegan Rd. Bannockburn, IL 60015 Phone – (847) 230-0330	<b>Susan McWhirter &amp; Lucy Alvarez</b> 331 Benner Pike State College, PA 16801 Phone – (814) 238-1212
<b>Flavour &amp; Fun, LLC</b> 5336 151 <sup>st</sup> St. Leawood, KS 66224 Phone – (913) 257-5667	<b>Ann Wiard</b> 5600 Post Rd. Unit 110 East Greenwich, RI 02818 Phone – (401) 885-0535

**Agreements Signed But Not Yet Open as of November 30, 2023**

None

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<sup>1</sup> We had no multi-unit developers as of the close of our last fiscal year.

# Exhibit E

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## **FRANCHISEES AND MULTI-UNIT DEVELOPERS WHO HAVE LEFT THE SYSTEM**

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**Taste Buds Kitchen  
International, LLC**

**FRANCHISEES AND MULTI-UNIT DEVELOPERS**  
**WHO HAVE LEFT THE SYSTEM**

**For the Period 12/1/22-11/30/23**

**If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

None



# **Exhibit F**

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## **TABLE OF CONTENTS OF CONFIDENTIAL FRANCHISE OPERATIONS MANUAL**

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**Taste Buds Kitchen  
International, LLC**

# Taste Buds Kitchen Operations Manual

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In addition to the information in this manual the following materials are considered part of the Operations Manual.

- TBK Design & Construction Standards
- The Culinary Entertainment Standards
- The Event, Recipe & Activity Binders
- The Digital Appendix of Materials

# **Exhibit G**

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## **MULTI-STATE ADDENDUM**

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**Taste Buds Kitchen  
International, LLC**

## **STATE ADDENDUM**

### **CALIFORNIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPER AGREEMENT**

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

California Business and Professions Code § 20000 through 20043 provide rights to the franchisee concerning transfer, termination or non-renewal of a franchise. If the Franchise Agreement or Multi-Unit Developer Agreement contain a provision that is inconsistent with the law, the law will control.

The Franchise Agreement and Multi-Unit Developer Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 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.

The Franchise Agreement and Multi-Unit Developer Agreement require application of the laws of the State of Maryland. This provision may not be enforceable under California law.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code § 20040.5, Code of Civil Procedure § 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement or Multi-Unit Developer Agreement restricting venue to a forum outside the State of California.

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

The Franchise Agreement requires the franchisee to sign a general release of claims as a condition of relocation, resale, or renewal of the franchise. § 31512 of the California Corporations Code provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Franchise Investment Law or any rule or order under it is void. Therefore, any general release of claims that you are required to sign under the Franchise Agreement will be considered amended to delete any waiver of Franchisor's compliance with the Franchise Investment Law. This will not prevent Franchisor from requiring you to sign a general release of claims, including claims arising under the Franchise Investment Law, as part of the negotiated settlement of a dispute.

The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. Any restrictions on pricing may not be enforceable under California law.

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

The highest interest rate allowed by law in California is 10% annually.

The franchise agreement, Section 10.3.2(b), prohibits you from employing individual who were employed by your Franchised Business or are employed by us or our franchisees, for a period of time after the term of the franchise agreement. This provision is not enforceable in California and is therefore deleted from the franchise agreement.

Section 22.2.2 of the franchise agreement relating to the Franchisee Disclosure Acknowledgment Statement is hereby deleted in its entirety.

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

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.

THE FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated \_\_\_\_\_.

FRANCHISOR

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FRANCHISEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **ADDENDUM REQUIRED BY THE STATE OF ILLINOIS**

1. The Initial Franchise fee shall be deferred until franchisor has satisfied all of the pre-opening obligations to franchisee, and franchisee has commenced doing business, pursuant to Section 200.508 of the rules. The Illinois Attorney General's Office has imposed this deferral requirement due to franchisor's financial condition.
2. The Development Fee shall be deferred until the first Franchised Business developed by a Multi-Unit Developer is opened, pursuant to Section 200.508 of the rules. The Illinois Attorney General's Office has imposed this deferral requirement due to Franchisor's financial condition.
3. The following item must be included within the Disclosure Document and shall replace any conflicting language that is in the Disclosure Document, Multi-Unit Developer Agreement and the Franchise Agreement, to the extent applicable:

Section 4, Jurisdiction and Venue, of the Illinois Franchise Disclosure Act of 1987 ("Act") states that "any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State."

4. Any releases and/or waivers that we request you to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act of 1987 which states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."
5. Under Illinois law at 200.608, Jurisdiction and Venue, a franchise agreement may not provide for a choice of law of any state other than Illinois. The Summary column of Items 17(v) and (w) of the Disclosure Document are amended to state "Illinois law" to the extent applicable. The appropriate sections of the Multi-Unit Developer Agreement and Franchise Agreement are amended to conform to the requirements of the Illinois law, to the extent applicable.
6. Pursuant to Section 27, Periods of Limitation, of the Act, the appropriate items in the Disclosure Document, Multi-Unit Developer Agreement and the Franchise Agreement are amended, to the extent applicable, to provide that any and all claims and actions arising out of or relating to the relationship of Franchisor and Franchisee and/or Multi-Unit Developer, operation of the Franchised Business or any agreements executed in connection therewith, brought by you against us, shall be commenced within 3 years from the occurrence of the facts giving rise to such claim or action, within 1 year after

you become aware of the facts or circumstances indicating you may have a claim for relief, or 90 days after delivery to you of a written notice disclosing the violation, or such claim or action will be barred.

7. Item 17(g) of the Disclosure Document, and the appropriate sections of the Multi-Unit Developer Agreement and the Franchise Agreement are amended by changing the time frame to cure defaults, excluding defaults for safety or security issues, to 30 days, to the extent applicable.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Illinois Addendum dated \_\_\_\_\_.

TASTE BUDS KITCHEN INTERNATIONAL  
LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FRANCHISEE/MULTI-UNIT DEVELOPER:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## MARYLAND

On behalf of this franchisor, the Franchise Disclosure Document and agreements are amended. The addenda applies to residents of this State and franchises to be operated in this State. The documents are amended as follows:

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 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 development agreement opens. Item 5 of the Franchise Disclosure Document and the applicable portions of the Franchise Agreement and Multi-Unit Developer Agreement are amended accordingly.

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

### Franchise Disclosure Document (Numbers 1-3 amends Item 17 of the FDD)

1. Item 17.h, Termination for bankruptcy filing might not be enforceable under the U.S. Bankruptcy Act, but we intend to enforce it to the extent enforceable.
2. Items 17(c) and 17(m) are amended to provide that we cannot, as a condition to renewal or consent to assignment, require you to release any claims under the Maryland Franchise Registration and Disclosure Law.
3. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

### Franchise Agreement/Multi-Unit Developer Agreement

1. The Franchise Agreement and Multi-Unit Developer Agreement are amended to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but we intend to enforce it to the extent enforceable.
2. The Franchise Agreement and Multi-Unit Developer Agreement are amended to provide that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.



3. The Franchise Agreement and Multi-Unit Developer Agreement are amended to provide that we cannot, as a condition to renewal or consent to an assignment, require you to release any claims under the Maryland Franchise Registration and Disclosure Law.
4. The Franchise Agreement and Multi-Unit Developer Agreement are amended to provide that all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated \_\_\_\_\_.

FRANCHISOR

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FRANCHISEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

This addendum to the Disclosure Document is agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_, and effectively amends and revises said Disclosure Document, the Franchise Agreement and the Multi-Unit Developer Agreement as follows:

1. Item 13 of the Disclosure Document and the appropriate section of the Franchise Agreement and Multi-Unit Developer Agreement are amended, to the extent applicable, by the addition of the following language to the original language that appears therein:

“In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding such use.”

2. Item 17 of the Disclosure Document, and the appropriate sections of the Franchise Agreement and Multi-Unit Developer Agreement are amended, to the extent applicable, by the addition of the following language to the original language that appears therein:

“With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes 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 and that consent to the transfer of the franchise will not be unreasonably withheld.”

3. Item 17 of the Disclosure Document, and the appropriate sections of the Franchise Agreement and Multi-Unit Developer Agreement relating to Governing Law, Jurisdiction and Venue, and Choice of Forum are amended to conform to the requirements of Minnesota law, to the extent applicable, as follows:

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

4. Item 17 of the Disclosure Document and the appropriate sections of the Franchise Agreement and Multi-Unit Developer Agreement are amended to conform to the requirements of Minnesota law, to the extent applicable, as follows:

“Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release.”

5. Any reference to liquidated damages in the Franchise Agreement or Multi-Unit Developer Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J, to the extent applicable, which prohibits requiring you to consent to liquidated damages.

6. Any reference to waiver of a jury trial in the Franchise Agreement or Multi-Unit Developer Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J, to the extent applicable.

7. Any offending sections of the Franchise Agreement or Multi-Unit Developer Agreement regarding Limitations of Claims are hereby amended to comply with Minn. Stat. §80C.17, Subd. 5, to the extent applicable.

8. Item 6, Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 604.113; which puts a cap of \$30 on a NSF check. This applies to everyone in Minnesota who accepts checks except banks.

9. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required. The appropriate sections of the Franchise Agreement and Multi-Unit Developer Agreement are hereby amended accordingly, to the extent applicable.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated \_\_\_\_\_.

FRANCHISOR

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FRANCHISEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## NEW YORK

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT H OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THE FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NYS DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FOR IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

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

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

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

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement.

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

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated \_\_\_\_\_.

FRANCHISOR

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FRANCHISEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## VIRGINIA

1. Item 17 of the Franchise Disclosure Document is amended by adding the following: the provision in the Franchise Agreement or Multi-Unit Developer Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, et. seq.).

2. Item 17(h) of the Franchise Disclosure Document is amended by adding the following:

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

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

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

4. The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement. In addition, all development fees owed by multi-unit developers shall be deferred until the pre-opening obligations are completed for the first franchise to be opened under the Multi-Unit Developer Agreement. Item 5 of the Franchise Disclosure Document and the applicable portions of the Franchise Agreement and Multi-Unit Developer Agreement are amended accordingly.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated \_\_\_\_\_.

FRANCHISOR

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

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

Title: \_\_\_\_\_

FRANCHISEE:

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

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

Title: \_\_\_\_\_



**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT,  
FRANCHISE AGREEMENT, MULTI-UNIT DEVELOPER AGREEMENT AND RELATED  
AGREEMENTS**

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement or Multi-Unit Developer Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement or Multi-Unit Developer Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

2. Due to the franchisor's financial condition, the Securities Division of the Washington Department of Financial Institutions requires that the franchisor's collection of the initial franchise fee will be deferred until the franchisor has fulfilled its initial pre-opening obligations and your franchised business is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Multi-Unit Developer Agreement, the Division will require that the franchise fees be released proportionally with respect to each franchised business.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon by the parties at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

6. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

7. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated

settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

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

9. Item 5 of the Franchise Disclosure Document is hereby amended to provide that franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.

10. Exhibit 6 to the Franchise Agreement (General Release) is hereby amended to state the following: “This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.”

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

TASTE BUDS KITCHEN INTERNATIONAL,  
LLC

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

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

Title: \_\_\_\_\_

FRANCHISEE:

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

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

Title: \_\_\_\_\_

# Exhibit H

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## STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

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**Taste Buds Kitchen  
International, LLC**

**STATE ADMINISTRATORS/  
DESIGNATION OF AGENT FOR SERVICE OF PROCESS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. Where we are registered to sell franchises, we have appointed the state agency, or as noted below, a state officer, as our agent for service of process in the state. We may not yet be registered to sell franchises in any or all of the states listed. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

<p><u>CALIFORNIA</u> Department of Business Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (866) 275-2677 Agent: California Commissioner of Financial Protection and Innovation</p>	<p><u>NORTH DAKOTA</u> North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712 Agent: North Dakota Securities Commissioner</p>
<p><u>HAWAII</u> Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 Agent: Commissioner of Securities of the State of Hawaii</p>	<p><u>OREGON</u> Department of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4387 Agent: Director of Oregon Department of Insurance and Finance</p>
<p><u>ILLINOIS</u> Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 Agent: Illinois Attorney General</p>	<p><u>RHODE ISLAND</u> Department of Business Regulation Division of Securities 1511 Pontiac Ave. John O. Pastore Complex Building 69-1 Cranston, RI 02920 (401) 462-9500 Agent: Director of Business Regulation</p>
<p><u>INDIANA</u> Franchise Section Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681 Agent: Indiana Secretary of State Indiana Securities Division 201 State House Indianapolis, IN 46204</p>	<p><u>SOUTH DAKOTA</u> Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563 Agent: Director, Division of Insurance-Securities Regulation</p>

<p><u>MARYLAND</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent: Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020</p>	<p><u>VIRGINIA</u> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9<sup>th</sup> Floor Richmond, Virginia 23219 (804) 371-9051 Agent: Clerk of the State Corporation Commission 1300 E Main St., 1<sup>st</sup>. Fl. Richmond, VA 23219 Tel: (804) 371-9733</p>
<p><u>MICHIGAN</u> Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, Michigan 48913 (517) 373-7177 Agent: Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way Lansing, MI 48910</p>	<p><u>WASHINGTON</u> Director Washington Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760 Agent: Securities Administrator, Director of Department</p>
<p><u>MINNESOTA</u> Minnesota Department of Commerce 85 7<sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1500 Agent: Minnesota Commissioner of Commerce</p>	<p><u>WISCONSIN</u> Securities Division of the Wisconsin Department of Financial Institutions 345 W. Washington Ave., 4<sup>th</sup> Floor Madison, Wisconsin 53703 (608) 266-8559 Agent: Wisconsin Commissioner of Securities</p>
<p><u>NEW YORK</u> NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21<sup>st</sup> Floor New York, NY 10005 (212) 416-8222 Phone  Agent for service: New York Department of State One Commerce Plaza, 99 Washington Avenue, 6<sup>th</sup> Floor Albany, NY 12231-0001 (518) 473-2492</p>	

## **STATE EFFECTIVE DATES**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	Pending
Illinois	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
Rhode Island	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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  
(YOUR COPY)**

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

If Taste Buds Kitchen International LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an Affiliate in connection with the proposed franchise sale. New York and Iowa require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (14 calendar days for Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Taste Buds Kitchen International LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit H

The franchisor is Taste Buds Kitchen International LLC, located at 800D Abruzzi Drive, Chester, Maryland 21619. Its telephone number is (443) 259-3511.

Issuance date: March 1, 2024 (Effective dates of this Disclosure Document in states requiring registration can be found on the State Effective Date page).

The name, principal business address and telephone number of the franchise sellers for this offering are (check and/or fill in all that apply):

- Jessi Brelsford, 800D Abruzzi Drive, Chester, Maryland 21619 – (410) 929-3580
- Jeff Brelsford, 800D Abruzzi Drive, Chester, Maryland 21619 – (410) 929-3580
- \_\_\_\_\_

Taste Buds Kitchen International LLC authorizes the agents listed in Exhibit H to receive service of process for it.

I have received a disclosure document dated March 1, 2024 (that included the following Exhibits:

A – Financial Statements	F – Table of Contents of Operations Manual
B – Franchise Agreement	G – State Addendum
C – Multi-Unit Developer Agreement	H - List of State Administrators/Agents for Service of Process
D – List of Franchisees and Multi-Unit Developers	
E – List of Franchisees and Multi-Unit Developers Who Have Left the System	

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

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

Please sign and return this Receipt immediately upon receipt in the manner required by the Franchisor.

**RECEIPT  
(FRANCHISOR COPY)**

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

If Taste Buds Kitchen International LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an Affiliate in connection with the proposed franchise sale. New York and Iowa require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (14 calendar days for Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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