

## FRANCHISE DISCLOSURE DOCUMENT

Hummus Republic Franchising USA, Inc.  
A Delaware Corporation  
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The franchise offered is a fast casual business providing assembly-line Mediterranean cuisine model which offers a fast, affordable and consistent product offering to customers from a convenient retail location under the trade name “Hummus Republic”.

The total investment necessary to begin operation of a Hummus Republic franchise is \$207,500 to \$659,000. This includes \$47,000 to \$64,500 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation under a three- to five-unit Multi-Unit Development Agreement is \$622,500 - \$1,977,000. This includes \$81,000 that must be paid to us. There is no minimum number of Hummus Republic units that you are required to develop under the Multi-Unit Development Agreement.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact [info@thehummusrepublic.com](mailto:info@thehummusrepublic.com), Hummus Republic Franchising 20855-10b Ventura Blvd., Woodland Hills, CA 91364, 818-987-9767.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC- HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW. Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](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: May 21, 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 Exhibit H.
<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 F includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Hummus Republic 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 Hummus Republic franchisee?</b>	Item 20 or Exhibit H lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider about *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration only in California. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate with the franchisor in California than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's ability to provide services and support to you.
4. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.
5. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

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**EXHIBITS**

- A. State Administrators and Agents for Service of Process
  - B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
  - C. Multi-Unit Development Agreement
  - D. Rider to Lease Agreement
  - E. Form of General Release
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- State Effective Dates  
Receipt (2 copies)

## Item 1

### **THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

In this disclosure document, “we”, “us,” or “our” refers to Hummus Republic Franchising USA, Inc. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

#### Us, Any Parents, and Certain Affiliates.

Our name is Hummus Republic Franchising USA, Inc. Our principal business address is 20855-10b Ventura Blvd., Woodland Hills, CA 91364. We do not have any parent entities. We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

#### Our Predecessors

We do not have any predecessors.

#### Our Business Name

We use the names “Hummus Republic Franchising USA, Inc.” and “Hummus Republic.” We do not intend to use any other names to conduct business.

#### Agent for Service of Process

Our agent for service of process in Delaware is United States Corporation Agents, Inc., and the agent’s principal business address is 300 Delaware Ave, Ste 210-A, Wilmington, DE 19801. Our agents for service of process in other states are disclosed in Exhibit A.

#### Business Organization

We are a Delaware Corporation. We were incorporated on February 22, 2018.

#### Information About Our Business and the Franchises Offered

We (that is, Hummus Republic Franchising USA, Inc.) do not operate businesses of the type being franchised, but our affiliates do.

As of December 31, 2023, there were 25 franchised Hummus Republic Restaurants. We have offered franchises since March 2018. Our affiliates noted above has not offered franchises in lines of business. None of our affiliates provides products or services to our franchisees.

We do not have any other business activities. We have not offered franchises in other lines of business.

If you sign a franchise agreement with us, you will develop and operate a fast casual business which provides assembly-line Mediterranean cuisine business under the trade name Hummus Republic. If you sign a Multi-Unit Development Agreement (attached as Exhibit C to this disclosure document), you will develop multiple Hummus Republic outlets, on an agreed-upon schedule. For each future unit franchise, we will require you to sign our then-current form of franchise agreement, which may be different from the form of franchise agreement included in this disclosure document.

The general market for healthy QSR restaurant offerings incorporates all spending on food in restaurants or dining. This market is highly competitive and mature, although the franchised business has a unique market segment with a focus on healthy products and a menu that incorporates hummus products in a wide range of menu items. Our customers are primarily middle to upper income demographics who prefer convenience and value. Sales are not seasonal.

You will compete against national chains, regional chains, and independent owners. Some of these competitors are franchised.

### Laws and Regulations

Food service businesses are subject to a wide variety of laws and regulations specific to the business and industry segment. This may include occupancy permitting, food safety handling procedures, local food service permitting, business licensing and potentially other licensing requirements associated with opening a restaurant. Outside of these, we are not aware of any laws or regulations specific to our industry.

The menu labeling provisions of the Patient Protection and Affordable Health Care Act require restaurant chains with 20 or more units to post caloric information on menus and menu boards, and to provide additional written nutrition information available to consumers upon request. For smaller chains, some states and local governments may require you to comply with laws relating to the labeling that is included on your menus, menu boards, and related materials. Some state and local authorities have also adopted, or are considering adopting, laws or regulations that would affect the content or make-up of food served in restaurants, such as the level of trans-fat contained in a food item.

If you offer beer and wine, you will need to obtain the appropriate license. State and local laws, regulations and ordinances vary significantly in the procedures, difficulty and cost associated with obtaining a license, the restrictions placed on the manner in which alcoholic beverages maybe sold, and the potential liability imposed by dram shop laws addressing injuries directly and indirectly related to the sale of alcohol and its consumption.

## **Item 2 BUSINESS EXPERIENCE**

### **Nir Giat: Founder and Managing Partner**

Nir Giat is our Founder and has been the Managing Partner since June 2022. He served as our CEO from May 2013 to June 2022.

### **Gil Yossef Butbul: CEO**

Gil Yossef Butbul has served as our Chief Executive Officer since June 2022. He was Senior Director at TEOCO in Fairfax, Virginia from May 2020 to May 2022. From May 2017 to May 2020, he served as CEO of DRUMMER LLC in Philadelphia, Pennsylvania.

### **Michael Lozovsky: Director of Franchising**

Michael Lozovsky has been our Director of Franchising since January 2019.

## **Item 3 LITIGATION**

There is no litigation that 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 Fee

You pay us a lump sum franchise fee when you sign the Franchise Agreement. The amount of the fee due is thirty-six thousand dollars (\$36,000) for the Hummus Republic franchise rights. The franchise fee is not refundable under any circumstance. If you are a Veteran-Owned Business, as defined below, we will reduce the initial franchise fee by 10%.

A “Veteran-Owned Business” means a business entity that is at least 51% owned, operated and controlled on a daily basis by one or more Veterans. A “Veteran” means a person who has provided a DD Form 214 or other adequate documentation demonstrating honorable discharge from the United States military.

Additional Amounts Due To Us

We may assist with certain marketing and promotion of the franchise. You must reimburse us for those costs, which will range from \$1,000 to \$6,000. You must purchase an opening package from us that includes uniforms, to-go menus and store posters. The cost of that opening package will range from \$3,500 to \$5,000. You must pay us an architect approval fee of \$5,000 if your chosen architect is not included on our list of approved architects, and a contractor approval fee of \$5,000 if your chosen contractor is not included on our list of approved contractors. These fees cover our assistance in evaluating and approving your selected architect and contractor. You must also pay us a real estate and construction fee of \$5,000 when you sign your lease for the site. This fee covers our assistance during the construction process. For on-site opening support (which will be between 3 to 5 days and up to 3 of our representatives), you must pay us \$500 per day per representative (or \$1,500 to \$7,500) plus reimbursement for expenses.

Multi-Unit Development

If you and we agree that you will develop multiple franchises, then you will sign our Multi-Unit Development Agreement (“MUDA”) in the form of Exhibit C to this disclosure document. If you sign a MUDA, you will pay to us the total franchise fees for all units to be developed under the MUDA. The franchise fees for your additional Hummus Republic units under a MUDA are reduced as follows: twenty five thousand dollars (\$25,000) for your second unit; twenty thousand dollars (\$20,000) for your third or subsequent units. The franchise fees collected under the MUDA are not refundable under any circumstances.

Except as otherwise stated above, the fees noted in Item 5 are uniform for all franchisees. In 2023, initial franchise fees paid varied based on the disclosed Veteran’s discount, and the fee was reduced by 10%.



**Item 6  
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty Fee <sup>1</sup>	6% of Gross Revenue	Weekly	Weekly payment (Friday) to us via electronic banking.
Brand Development Fund Contribution	Currently, 2% of Gross Revenue	Weekly	Weekly payment (Friday) to us via electronic banking.
Audit Expenses <sup>2</sup>	All costs and expenses associated with audit, precise estimate is unknown as of the date of this disclosure document, but is estimated to range from \$1,500 to \$3,000	Upon demand	You will pay us the cost of an audit to be performed if you fail to provide monthly financial statements, which are required by the Franchise Agreement in excess of three times per calendar year or if a random audit shows an understatement of Gross Sales in excess of 2%
Late Fees <sup>3</sup>	\$100 plus 18% interest	Within 5 days after notice of amount due	You will pay us a late fee in the amount of \$100 plus 18% interest if you fail to pay the royalty and advertising and marketing fee within ten days of due date. You will also be required to pay us a late fee on any other overdue amount beginning with the due payment is due until you pay the arrearage.
Interest on Late Fees	The lesser of 1.5% per month or the maximum amount permitted by applicable law.	Within 5 days of date of statement for amount due.	You will pay us interest on any royalty or advertising and marketing fee or other fees due us, in the amount of 1.5% per month. You will also be required to pay us interest on any other overdue amount beginning with the date payment is due until you pay the arrearage.
Approval of Products or Suppliers <sup>4</sup>	\$5,000	With submission to us	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 restaurant.

Type of Fee	Amount	Due Date	Remarks
Non-Compliance Fee	\$500	Upon demand	We may charge \$500 for any instance of non-compliance with the System Standards or the Franchise Agreement (other than for non-payment of any fee owed to us) which you fail to cure after 30 days' notice.
Insurance Policies	Approximately \$300-\$3,000	Annually	Payable to us as a reimbursement only if you fail to maintain required insurance coverage and we elect, in our discretion, to obtain coverage for you.
Transfer Fee	Fifty Percent (50%) of our then current Franchise fee	At the time of transfer	Payable to us at time of transfer by the Existing Franchisee (seller)
Renewal Fee	20% of then-current initial franchise fee	Upon renewal	Payable to us at time of renewal.
Local Marketing	\$2,000 per month during the first 6 months of operation. 2% of Gross Revenues beginning in the 7 <sup>th</sup> month of operation.	Monthly	During the first 6 months after you open, you must pay to us the monthly amount and we will manage and pay for advertising for the location through targeted digital marketing.  Beginning on the 7 <sup>th</sup> month of operation, you have the option to pay 2% of Gross Revenues to us and we will manage your digital and social media marketing.
Technology Fee	Then current amount, currently \$250-\$500	Monthly	The technology fee covers access to our customer relationship management software and access to internal programs which may change from time to time. This fee also covers enhancements in our technology platforms. A portion of this may be paid to third parties
Online Ordering Fees	\$0.29 per transaction	Weekly	The online ordering fees cover your ability to offer online ordering through

Type of Fee	Amount	Due Date	Remarks
			our online platform and the branded App
Substitute or New Manager Training/ Additional Training <sup>5</sup>	Currently, \$500 per person per day, plus your expenses in attending	Before commencement of training program.	We provide an initial training program before you begin operations and ongoing training programs during the term of the franchise. If you have to repeat our training programs, we may charge you a fee.
Additional Operations Assistance	Currently, \$500 per day plus our expenses	Time of assistance	We provide assistance at and near the beginning of your operations and during the term of the franchise. If you request additional assistance beyond what we already provide, you may be charged a fee, plus our expenses if we need to travel to accommodate your request.
Costs and attorneys' fees	Will vary under circumstance	As incurred	Payable to us, to reimburse us for fees incurred by us in obtaining injunctive or legal relief for the enforcement of any item of the Franchise Agreement or for costs incurred for arbitration proceedings.
Indemnification	Will vary under circumstance	As incurred	Subject to applicable state law, you must reimburse us if we are held liable for any claims arising from your business.
Inspection Fee	Our costs including expenses in conducting any subsequent pre-opening store inspection. We estimate this will not exceed \$1,500.00	Upon Demand	We will inspect your store prior to opening. If your store does not pass initial inspection, you will be charged for all costs and expenses we incur in conducting any subsequent inspections.
Temporary Management Assistance	Currently, \$500 per day, plus our expenses	Each month that it applies	You pay us at the state rate if you breach the Franchise Agreement or following the death or incapacity of an

Type of Fee	Amount	Due Date	Remarks
			owner of the franchise, and if we decide to temporarily manage your franchised business.
On Site Training	\$500 per day per trainer plus expenses	When billed	If you request that we provide additional training at your restaurant, you must pay our daily fee for each trainer we send to your restaurant, and you must reimburse each trainer's expenses, including travel, lodging (must be 3+ star hotel) and meals.
Prohibited Product or service fine	\$250 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us.
Repair, Maintenance, and Remodeling / Redecorating <sup>6</sup>	Approximately \$40,000-\$100,000	As incurred	Payable to approved suppliers. You must regularly clean and maintain your restaurant and its equipment. We may require you to remodel or redecorate your restaurant to meet our then-current image for all Hummus Republic restaurant. We will not require you to remodel or redecorate your restaurant more frequently than every 5 years.
Charges for "Mystery Customer" quality control evaluation	Approximately \$800 per year.	As incurred	The mystery customer program will be separate from our programs for customer surveyors and customer satisfaction audits.
Gift Card Program	\$9.50 per month	Monthly	The gift card program fee covers our maintenance of the gift card program we offer through a third party

We may require that all fees payable to us be paid through an electronic depository transfer account.

All of the fees noted above are uniform. No other fees or payments are to be paid to us or our affiliate, nor do we impose or collect any other fees or payments for any other third party. All fees are generally non-refundable.

NOTES

<sup>1</sup> “Gross revenue” means all revenue from the franchised business.

<sup>2</sup> We assume costs vary depending on factors, including prevailing auditor’s rates in your area, the business activity being audited and how well you keep your books and records. You pay our actual costs only. You should be able to investigate these costs by contacting auditors in your area.

<sup>3</sup> Late fees begin from the date payment was due, but not received, or date of underpayment.

<sup>4</sup> Costs vary depending on the availability of product samples for testing, shipping costs or travel costs to review the product, the type of product under review, whether the product or supplier has been rated and other similar factors. You pay our actual costs only.

<sup>5</sup> We provide training programs to an individual you select to be the designated manager of the franchise. Your designated manager’s attendance is required. We do not charge fees for these programs, but if you replace your designated manager and your manager changes are excessive or due to poor hiring practices, we may charge you a fee.

<sup>6</sup> Costs vary depending on circumstances such as the condition of the premises, the cost of materials and labor, and the location of your restaurant.

**Item 7**  
**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT**  
**FRANCHISE AGREEMENT**

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is To Be Made
	High	Low			
Franchise Fee <sup>1</sup>	\$36,000	\$36,000	Cashier’s Check or wire transfer	At Signing of Franchise Agreement	Us
Real Estate / Rent <sup>2</sup>	\$3,000	\$15,000	As Arranged	Before Beginning Operations	Landlord and
Utility Deposits <sup>3</sup>	\$500	\$1,500	As Arranged	Before Beginning Operations	Utilities Providers
Leasehold Improvements <sup>4</sup>	\$90,000	\$400,000	As Arranged	Before Beginning Operations	Approved Vendor
Architect Approval Fee	\$0	\$5,000	As Arranged	Before Opening	Us
Contractor Approval Fee	\$0	\$5,000	As Arranged	Before Opening	Us
Real Estate and Construction Fee	\$5,000	\$5,000	As Arranged	At Signing of Lease	Us
Initial Inventory <sup>5</sup>	\$5,000	\$7,000	As Arranged	Before Beginning Operations	Approved Vendor
Opening Package	\$3,500	\$5,000	As arranged	Before Opening	Us
Stereo & Security System	\$500	\$2,500	As arranged	Before Beginning Operations	Approved Vendor
Insurance - 3 months <sup>6</sup>	\$1,000	\$2,500	As Arranged	Before Beginning Operations	Insurance Company

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is To Be Made
	High	Low			
Training <sup>7</sup>	\$6,000	\$12,000	As Arranged	During Training	Us, Employees, Airlines, Hotels & Restaurants
Signage <sup>8</sup>	\$5,000	\$25,000	As Arranged	Before Beginning Operations	Suppliers
Computer Equipment and Technology <sup>9</sup>	\$1,000	\$2,000	As Arranged	Before Beginning Operations	Approved Vendors
Furniture, Fixtures & Equipment <sup>10</sup>	\$25,000	\$80,000	As Arranged	Before Beginning Operations	Suppliers
Licenses, Plans & Permits <sup>11</sup>	\$10,000	\$20,000	As Arranged	Before Beginning Operations	Licensing Authorities
Dues and Subscriptions <sup>12</sup>	\$0	\$500	As Arranged	Before Beginning Operations	Outside Associations and Groups
Legal & Accounting/ Professional Fees <sup>13</sup>	\$2,000	\$5,000	As Arranged	Before Beginning Operations	Attorney, Accountant
Grand Opening Advertising <sup>14</sup>	\$4,000	\$10,000	As Arranged	After Opening	Suppliers & Us
Additional Funds (3 months working capital) <sup>15</sup>	\$10,000	\$20,000	As Arranged	As Necessary	Employees, Utilities, Lessor & Suppliers
<b>TOTAL<sup>16, 17</sup></b>	<b>\$207,500</b>	<b>\$659,000</b>			

#### NOTES

<sup>1</sup> Franchise Fee. You pay us a lump sum, non-refundable franchise fee of thirty-six thousand dollars (\$36,000) when you sign the Franchise Agreement. The franchise fee and its refund policy are described in greater detail in ITEM 5. We do not finance any fee.

<sup>2</sup> Real Estate/Rent. The franchised business can be operated from a small commercial retail space suitable for food service operations. The franchised business location will require between 850 and 2,200 square feet. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. The range is based upon the condition of the space you lease. For example, if the space was previously used for a restaurant, the costs will be lower; if the space is a “vanilla shell,” the costs will be higher. Some lessors may refund the security deposit if you cancel the lease before you occupy the premises, but the amounts you pay are typically non-refundable. The estimated range of costs in this category only includes your costs to enter into a lease agreement for the facility. Estimated rental costs for 3 months are included with the category “Additional Funds,” (see Note 16 below).

<sup>3</sup> Utility Deposits. If you are a new customer of your local utilities, you will generally have to pay deposits to obtain services, including electric, telephone, high speed internet service, gas, trash and water. The amount of the deposit and whether the deposit is refundable will vary depending on the local utilities. You should contact your local utilities for more information.

<sup>4</sup> Leasehold Improvements. You may need to make improvements to adapt your facility for operation of the franchised business. The cost of the leasehold improvements will vary depending on factors, including the size, condition and location of the facility, local wage rates and the cost of materials.

The amounts you pay for leasehold improvements are typically non-refundable. You should inquire about the refund policy of the contractor at or before the time of hiring.

<sup>5</sup> Initial Inventory. You will be required to invest in a basic initial inventory package containing your critical food inventory used in the initial months or weeks of operations of your business. Information on Inventory is included in the Confidential Operations Manual.

<sup>6</sup> Insurance. You must purchase the following types and amounts of insurance:

1. such insurance as necessary to provide coverage under the indemnity provisions set forth in the Franchise Agreement.
2. comprehensive general liability insurance with a minimum liability coverage of \$1,000,000 per occurrence, or higher if your state law requires;
3. worker's comp insurance in the amounts required by your local market or State.

Factors that may affect your cost of insurance include the size and location of the franchised business, value of the leasehold improvements, equipment, supplies, vehicle model and make, number of employees and other factors. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase.

<sup>7</sup> Training. The cost of initial training at our corporate location of up to three people is included in the franchise fee, but you are responsible for transportation and expenses for meals and lodging while attending training. The total cost will vary depending on the number of people attending, how far you travel and the type of accommodations you choose. These expenses are typically non-refundable. Before making airline ticket, hotel, rental car or other reservations, you should inquire about the refund policy in the event you need to cancel any reservation. We will provide up to 3 trainers for training at your location for 3-5 days prior to opening at a daily rate of \$500 per trainer plus all travel and reasonable living expenses. The estimated cost for this expense is included in the range above.

<sup>8</sup> Signage. This range includes the cost of signage used in the start-up of the franchised business. The amounts you pay for signage are typically non-refundable. Signage will depend primarily on the location from which the franchised business is operated. You should inquire about the return and refund policy of the suppliers at or before the time of purchase.

<sup>9</sup> Computer Equipment & Technology. You must purchase the computer hardware and software that is specified in ITEM 11. You must have an automatic backup service for your computer equipment and software. You are required to use our operating systems as described in the Confidential Operations Manual. The amounts you pay for computer equipment and software are typically non-refundable, or if refundable, you may be subject to a “re-stocking” fee. You should inquire about the return and refund policy of the supplier at or before the time of purchasing. Typically, the amounts you pay for an automatic backup service are non-refundable. You should inquire about the refund policy of the supplier at or before the time of purchasing.

<sup>10</sup> Furniture, Fixtures & Equipment. You must purchase and/or lease and install furniture, fixtures and equipment necessary to operate your franchised business. The cost of the furniture, fixtures and equipment will vary according to local market conditions, the size of the facility, suppliers and other related factors. We do not know if the amounts you pay for furniture, fixtures or equipment are refundable. Factors determining whether furniture, fixtures and equipment are refundable typically include the condition of the

items, level of use, length of time of possession and other variables. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing or leasing.

<sup>11</sup> Licenses, Plans & Permits. State and local government agencies typically charge fees for occupancy permits, operating licenses, construction permits and other business permits. Your actual costs may vary from the estimates based on the requirements of state and local government agencies. These fees are typically non-refundable. You should inquire about the cancellation and refund policy of the agencies at or before the time of payment.

<sup>12</sup> Dues and Subscriptions. You will be required to pay certain dues and subscription fees as part of the franchised business. These fees are paid to organizations that will supplement and support your restaurant business. The fees are typically non-refundable.

<sup>13</sup> Legal & Accounting. You will need to employ an attorney, an accountant and other consultants to assist you in establishing your franchised business. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants and consultants. These fees are typically non-refundable. You should inquire about the refund policy of the attorney, accountant or consultant at or before the time of hiring. You will be required to use our approved accounting firm to implement and maintain our recordkeeping requirements.

<sup>14</sup> Grand Opening Advertising. With the help of the franchisor, we suggest that you introduce your presence when you open your new franchise in the market. We may assist with certain marketing and promotion of the franchise, and you must reimburse us for those costs, which will range from \$1,000 to \$6,000. The Confidential Operations Manual includes a local marketing program to be implemented when you first open the business.

<sup>15</sup> Additional Funds. We recommend that you have a minimum amount of money available to cover operating expenses, including rent, utilities, and employees' salaries for the first 3 months that the franchised business is open. We cannot guarantee that our recommendation will be sufficient. Additional working capital may be required if sales are low or operating costs are high. These expenses are typically non-refundable.

<sup>16</sup> Total. In compiling this chart, we relied on our and our affiliate's industry knowledge and experience. The amounts shown are estimates only and may vary for many reasons, including the size and condition of your facility, the capabilities of your management team, where you locate your franchised business and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. The amounts in this chart are for Hummus Republic restaurants; we have not provided initial investment information for Hummus Republic V (vegan ) or food trucks.

<sup>17</sup> Payments. Costs paid to us are not refundable, except as specifically described above. Whether any costs paid to third parties are refundable will vary based on the third parties' business terms. We do not offer direct or indirect financing to you for any items.



**YOUR ESTIMATED INITIAL INVESTMENT  
MULTI UNIT DEVELOPMENT AGREEMENT**

**(For 3 Units)**

<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>
Total Fees Due under MUDA (see Note A)	\$81,000	Check or wire transfer	Upon signing the MUDA	Us
Initial Investment Total Units (see Note B)	\$541,500 - \$1,896,000	See the table of this Item 7 under “Your Estimated Initial Investment - Franchise Agreement”		
Total	\$622,500 - \$1,977,000			

Notes

A. This estimate assumes you sign a Multi-Unit Development Agreement for three to five franchises. You will pay all franchise fees upon signing the MUDA. These additional franchise fees are non-refundable as described in Item 5.

B. This figure represents the total estimated initial investment required to open the units you agreed to open and operate under the MUDA. This range includes all the items outlined in the “Your Estimated Initial Investment – Franchise Agreement” table, except for the initial franchise fee because it is reflected in this “Your Estimated Initial Investment – Multi-Unit Development Agreement” table.

**Item 8**

**RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications. We provide the listing of required equipment for your Business.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your business location is subject to our approval and must meet our specifications. You must have your landlord sign our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit D).

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual, which includes (i) “Special” causes of loss coverage forms, including fire and extended coverage,

crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, and (v) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

C. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

D. Food Products and Supplies. You must purchase food products and supplies from our required vendors to be used in the operation of the franchised business.

#### Us or our Affiliates as Supplier

You must purchase certain services and other items from us as noted in Items 5 and 7, including interior design services and renderings for your location, certain marketing and promotion services and collateral and the opening package that includes uniforms, to-go menus and store posters. Other than these items, you are not required to purchase any goods or services from us or our affiliates. We also reserve the right to be a supplier (or the sole supplier) of a good or service in the future.

#### Ownership of Suppliers

None of our officers owns an interest in any supplier to our franchisees.

#### Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier’s capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is a fee of \$5,000 for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

#### Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

### Revenue To Us and Our Affiliates

We currently do not derive revenue from the required purchases and leases by franchisees. However, the franchise agreement does not prohibit us from doing so.

### Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 55% to 75% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 60% to 80% of your total purchases and leases of goods and services to operate your business.

### Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so.

### Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

### Negotiated Arrangements

We (or our designees) may negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

### Benefits Provided To You For Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

## **Item 9 FRANCHISEE'S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section in Franchise Agreement (FA) or Multi-Unit Development Agreement (MUDA)</b>	<b>Disclosure document item</b>
a. Site selection and acquisition/lease	FA: §§ 6,1, 6.2 MUDA: § 3	Item 11
b. Pre-opening purchase/leases	FA: §§ 6.2, 6.3 MUDA: Not Applicable	Items 5, 7, 8 and 11

Obligation	Section in Franchise Agreement (FA) or Multi-Unit Development Agreement (MUDA)	Disclosure document item
c. Site development and other pre-opening requirements	FA: Article 6 MUDA: Not Applicable	Items 5, 7, 8 and 11
d. Initial and ongoing training	FA: §§ 5.4, 6.4, 7.6 MUDA: Not Applicable	Items 5, 6, 8 and 11
e. Opening	FA: §§ 6.5, 6.6 MUDA: § 1	Items 7, 8 and 11
f. Fees	FA: Article 4, §§ 5.5, 7.8, 10.5, 11.2, 11.3, 14.5, 15.2, 16.1, 17.6 MUDA: § 1	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	FA: §§ 6.3, 7.1, 7.3, 7.5, 7.9 – 7.13, 7.15, 10.1, 10.4, 11.1 MUDA: Not Applicable	Items 8, 11 and 14
h. Trademarks and proprietary information	FA: Article 12, § 13.1 MUDA: Not Applicable	Items 13 and 14
i. Restrictions on products/services offered	FA: § 7.3 MUDA: Not Applicable	Items 8, 11 and 16
j. Warranty and customer service requirements	FA: §§ 7.3, 7.8, 7.9 MUDA: Not Applicable	Item 8
k. Territorial development and sales quotas	FA: Not Applicable MUDA: § 1	Item 12
l. Ongoing product/service purchases	FA: Article 8 MUDA: Not Applicable	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	FA: §§ 7.12, 7.13 MUDA: Not Applicable	Items 6, 7 and 8
n. Insurance	FA: § 7.15 MUDA: Not Applicable	Items 6, 7 and 8

<b>Obligation</b>	<b>Section in Franchise Agreement (FA) or Multi-Unit Development Agreement (MUDA)</b>	<b>Disclosure document item</b>
o. Advertising	FA: Article 9 MUDA: Not Applicable	Items 6, 7, 8 and 11
p. Indemnification	FA: Article 16 MUDA: Not Applicable	Items 6 and 8
q. Owner's participation/management/staffing	FA: § 2.4 MUDA: Not Applicable	Items 15
r. Records and reports	FA: Article 10 MUDA: Not Applicable	Item 11
s. Inspections and audits	FA: §§ 10.5, 11.2 MUDA: Not Applicable	Items 6 and 11
t. Transfer	FA: Article 15 MUDA: Not Applicable	Items 6 and 17
u. Renewal	FA: § 3.2 MUDA: Not Applicable	Item 17
v. Post-termination obligations	FA: Article 13, § 14.3 MUDA: Not Applicable	Item 17
w. Non-competition covenants	FA: § 13.2 MUDA: Not Applicable	Item 17
x. Dispute resolution	FA: Article 17 MUDA: § 7	Items 6 and 17

**Item 10  
FINANCING**

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

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

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

Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We will review and advise you regarding potential locations that you submit to us. (Section 5.4). If you sign a Multi-Unit Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

(i) We generally do not own your premises.

(ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. Your site is subject to our approval. To obtain our approval, you must provide all information and documents about the site that we require.

(iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.

(iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement.

(v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. *Constructing, remodeling, or decorating the premises.* We will provide you with a set of our standard building plans and specifications and/or standard recommended floor plans, and our specifications for required décor. We will provide you with a list of approved architects and general contractors (Section 5.4).

C. *Hiring and training employees.* We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), operational instructions in the Manual which you can use as part of training new employees (Section 5.3), and our initial training program described below. Our opening support (as described below) includes assisting you in training employees. All hiring decisions and conditions of employment are your sole responsibility.

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for finishing, equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Section 5.4) We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

E. *Operating Manual.* We will give you digital access to our Operating Manual (Section 5.1).

F. *Initial Training Program.* We will conduct our initial training program. (Section 5.4). The current initial training program is described below.

G. *Business plan review.* If you request, we will review your pre-opening business plan, financial projections, and any loan related to the Business. (Section 5.4).

H. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Section 5.4).

I. *On-site opening support.* We will have up to 3 of our representatives provide on-site support for 3 to 5 days in connection with your business opening. (Section 5.4). You must pay for this support.

### Length of Time To Open

The typical length of time between signing the franchise agreement and the opening of your business is 5-14 months. Factors that may affect the time period include your ability to obtain a lease, obtaining financing, obtaining business permits and licenses, hiring employees, and shortages or delayed installation of equipment, fixtures, and signs.

### Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers.* Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *Hiring and training employees.* We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), and operational instructions in the Manual which you can use as part of training new employees (Section 5.3). All hiring decisions and conditions of employment are your sole responsibility.

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$500 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.5).

D. *Establishing prices.* We will provide pricing guidelines for products and services, subject to applicable law. (Section 5.5).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control. (Section 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Brand Development Fund.* We will administer the Brand Development Fund. (Section 5.5).

G. *Website.* We will maintain a website for the Hummus Republic brand, which will include your business information and telephone number. (Section 5.5)

### Advertising

(i) *Our obligation.* We will use the Brand Development Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which will be paid for by the Brand Development Fund). We have no other obligation to conduct advertising.

(ii) *Your own advertising material.* You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

(iii) *Advertising council.* We do not have an advertising council. The franchise agreement does not give us the power to form an advertising council.

(iv) *Local or Regional Advertising Cooperatives.* We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per outlet (unless the franchisee is in default under its franchise agreement). The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 2% of gross sales. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees; however, they will have no voting power. If our outlets have controlling voting power, there is no maximum on fees that could be imposed. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements which will be made available for review only by us and by the members of cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

(v) *Brand Development Fund.* You and all other franchisees must contribute to our Brand Development Fund. Your contribution is 2% of gross sales per week. All franchisees contribute the same percentage. Outlets that we own are not obligated to contribute to the Brand Development Fund. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

We collected \$145,168 in Brand Development funds in fiscal year 2023. In 2023, we spent \$157,730 of the Brand Development Fund monies as follows: 14% on website management; 63% on branding and graphic design/content creation; and 23% on social media/content management and promotion. If not all Brand Development Funds are spent in the fiscal year in which they accrue, the money will remain in the Brand Development Fund to be spent in the next year.

No money from the Brand Development Fund is spent principally to solicit new franchise sales.

There is no other advertising fund in which you must participate.



(vi) *Market introduction plan.* You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your business.

(vii) *Required spending.* During the first 6 months after you open, you must pay us \$2,000 per month to manage your local advertising. Beginning in month 7 after you begin operating you must spend at least 2% of gross sales each month on marketing your business; however, you have the option to pay this to us and we will manage your digital and social media marketing.

Point of Sale and Computer Systems

We require you to buy (or lease) and use a Clover point-of-sale system and a laptop or tablet to place orders and for employee timesheets. You must have our designated and approved online ordering platforms and apps.

We estimate that these systems will cost up to \$2,000 to purchase.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into any such contract with a third party.

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$1,000 to \$3,000 per year.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information. To the extent we collect any, we will take reasonable steps to keep the confidentiality of, and not disclose to any third-party, any personal information of your employees or other information under applicable privacy laws.

Operating Manual

See Exhibit G for the table of contents of our Operating Manual. There is a total of 42 pages in our Operating Manual.

Training Program

Our training program consists of the following:

**TRAINING PROGRAM**

<b>Training Subject</b>	<b>Classroom Training Hrs</b>	<b>On-the Job Training Hrs</b>	<b>Training Location</b>
<b>Day 1</b> <ul style="list-style-type: none"> <li>Tour/meet everyone in corporate office</li> </ul>	8	0	Our Corporate Office

Training Subject	Classroom Training Hrs	On-the Job Training Hrs	Training Location
<ul style="list-style-type: none"> <li>● Explain and go over vendor accounts and process</li> <li>● (show online portals and order guides)</li> <li>● Hiring process need staff 7-8 ppl (Questionnaire will be provided)</li> <li>● Review operating manual(discuss recipes, food orders,etc)</li> <li>● Set up 3rd party delivery accounts (doordash, grubhub,ez catering ect)</li> <li>● Marketing (Promotion/coupons for opening day)</li> <li>● Grand opening planning</li> <li>●</li> </ul>			
<p><b>Day 2</b></p> <ul style="list-style-type: none"> <li>● Work at a restaurant get hands on experience</li> <li>● Shadow recipes and operation (observe)</li> <li>● Talk to manager/employees (Q&amp;A)</li> <li>● Walk through BOH</li> <li>● Visit Franchisee location</li> </ul>	0	8	Franchisee-Owned Location in Ventura, California

<b>Training Subject</b>	<b>Classroom Training Hrs</b>	<b>On-the Job Training Hrs</b>	<b>Training Location</b>
<b>Day 3</b> A. BOH (Back of the House) <ul style="list-style-type: none"> <li>● Preparation of Food in BOH</li> <li>● Date Dots &amp; Storing Prepped Food</li> <li>● Three Compartment Sinks/Proper Dish Washing Procedure</li> <li>● Kitchen Organization</li> <li>● Proper Knife Usage</li> </ul> B. FOH (Front of House) <ul style="list-style-type: none"> <li>● Work Each Station</li> </ul> C. Register <ul style="list-style-type: none"> <li>● Work Register</li> <li>● Sign Up Customer for Loyalty Rewards</li> <li>● Redeem Loyalty Rewards</li> <li>● Discounts/Refunds</li> <li>● Check Sales Reports</li> <li>● Check Recent Transactions</li> <li>● Review Cash Drop and Deposit Procedures</li> </ul>	0	8	Franchisee-Owned Location in Ventura, California
D. Onsite Training at Your Location			Your Location
<b>TOTAL</b>	<b>8</b>	<b>16</b>	

**Paid On Site Training**

<b>Onsite Full Training</b>	<b>Classroom Training Hrs</b>	<b>On-the Job Training Hrs</b>	<b>Training Location</b>
<b>Day 1</b> <ul style="list-style-type: none"> <li>● Introduction with trainers and employees</li> <li>● Make sure managers and employees have certificate food handlers.</li> <li>● Providing each employee with recipes</li> <li>● Homebase set up and scheduling.</li> <li>● Clover set up/pos system</li> <li>● Marketing Discussion</li> <li>● Overview food items.</li> <li>● Organize items</li> <li>● Walk thru entire restaurant explain all equipment.</li> </ul>	0	10	Your location

<b>Onsite Full Training</b>	Classroom Training Hrs	On-the Job Training Hrs	Training Location
<ul style="list-style-type: none"> <li>● Explain importance of restaurant safety/sanitation</li> </ul>			
<p><b>Day 2</b></p> <ul style="list-style-type: none"> <li>● Setting up service lines to spec.</li> <li>● Preparing line</li> <li>● Cross contamination awareness</li> <li>● Portion controls/tools</li> <li>● Fry times</li> <li>● Go over the importance of day stickers, proper rotation .</li> <li>● Mega tops must have thermometer</li> </ul>	0	10	Your location
<p><b>Day 3</b></p> <ul style="list-style-type: none"> <li>● Cash handling.</li> <li>● Deposits</li> <li>● Working the register up charges/catering orders</li> <li>● Turning everything on(pita warmer,fryers etc)</li> <li>● Build bowls,wraps, pitas</li> <li>● How to create a prep list for consistent flow</li> <li>● Serving Portions</li> <li>● Friends and family</li> </ul>	0	10	Your location
<p><b>Day 4</b></p> <ul style="list-style-type: none"> <li>● Opening day</li> <li>● Support staff as needed.</li> <li>● Shadow employees</li> <li>● Clover Review (returns, transactions, etc)</li> <li>● Practice what you've learned.</li> <li>● Critiquing if needed</li> <li>● Go over any questions/concerns</li> </ul>	0	10	Your location

<b>Onsite Full Training</b>	<b>Classroom Training Hrs</b>	<b>On-the Job Training Hrs</b>	<b>Training Location</b>
<b>Total</b>	<b>0</b>	<b>40</b>	

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training classes four to six times per year. Training will be held at our offices, a location in Woodland Hills, CA or your location.

The instructional materials consist of the Operating Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Training will be conducted by Meelad Habib, He has been working with us since November 2016 and has been a trainer since February 2018.

There is no fee for up to 3 people to attend training. You must pay the travel and living expenses of people attending training.

Your Principal Executive must attend training. You may send any additional persons to training that you want (up to the maximum described above). Your Principal Executive must complete training to our satisfaction at least 30 days before opening your business. If your Principal Executive fails to complete the initial training program to our satisfaction, or if we conclude, no more than 10 days after your Principal Executive completes the initial training program, that your Principal Executive does not have the ability to satisfactorily operate the business, then we may terminate the franchise agreement. To complete training, trainee will be required to demonstrate the ability to prepare all food items, open and close the restaurant, place food orders, and schedule staff.

Your business must at all times be under your on-site supervision or under the on-site supervision of a general manager who has completed our training program. If you need to send a new general manager to our training program, we will charge a fee, which is currently \$500 per day. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

## **Item 12 TERRITORY**

### Your Location

Your franchise is for a specific location. If the specific location is not known at the time you sign a franchise agreement, then we will list a designated market area within which you must locate and secure a specific location. Once we agree on the specific location, we will designate it in an amendment to the Franchise Agreement. You will not have any territorial rights within the designated market area and we may allow other franchisees to search for location(s) within the same designated market area if we determine that the designated market area is large enough to contain additional Hummus Republic businesses. Each potential Hummus Republic business within a designated market area will be reviewed and rejected or granted on a first-to-propose basis.

### Franchise Agreement: Grant of Territory

Once you have secured the specific location for your franchise, we will define the territory. The typical territory will include a defined area and will be documented as (i) a 50,000-population center or (ii) a 2-mile radius from the location (whichever is smaller). Territories will be mapped based on the individual market circumstances for each unit sold. We will map out an area based on market research and the most recent available census data to come to territory modeling conclusions. Each territory will be defined as an area on a map that will be based on zip code and it will be decided by a number of factors including, but not limited to, population, median age, median household income, existence of competition, capabilities of the buyer, among others.

### Relocation; Establishment of Additional Outlets and Designated Marketing Area

You do not have the right to relocate your business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee's business on case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control.

You do not have the right to establish additional franchised outlets unless you sign a Multi-Unit Development Agreement ("MUDA") in the form attached as Exhibit C to this disclosure document. If you and we sign a MUDA, then you will have the right establish a mutually agreed number of additional outlets. Under the MUDA, your right to develop additional outlets is subject to (1) you must comply with the mutually-agreed development schedule, (2) you must have sufficient financial and organizational capacity to develop, open, operate, and manage each additional Hummus Republic business, (3) you must be in compliance with all brand requirements at your open Hummus Republic business(es), and (4) you must not be in default under any other agreement with us. We will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply.

Each Hummus Republic business you timely open and commence operating under our then-current form of franchise agreement will be operated: (i) from a distinct location within the designated market area; and (ii) within its own territory that we will define once the location for that Hummus Republic business has been approved.

You do not receive territorial rights within your designated market area. Upon expiration or termination of the MUDA, each Hummus Republic business that you have opened and are continuously operating as of the date of such occurrence will have the territorial rights within their respective territories that were granted under the franchise agreement(s) you entered into for those Hummus Republic business(es).

You must comply with your development obligations under the MUDA, including your development schedule, in order to maintain your rights within the designated market area. If you do not comply with your development schedule, we may terminate your MUDA and any further development rights you have under that agreement. Otherwise, we will not modify the size of your designated market area except by mutual written agreement signed by both parties. You will not receive an exclusive territory in connection with your MUDA. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Under the MUDA, your right to develop additional outlets is subject to (1) you must comply with the mutually-agreed development schedule, (2) you must have sufficient financial and organizational capacity to develop, open, operate, and manage each additional Hummus Republic business, (3) you must be in compliance with all brand requirements at your open Hummus Republic business(es), and (4) you

must not be in default under any other agreement with us. We will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply.

#### Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

#### Territory Protection

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

If any non-traditional site (such as mall food courts, airports, hospitals, cafeterias, commissaries, schools, hotels, office buildings and stadiums, arenas, ballparks, festivals, fairs, military bases and other mass gathering locations or events) is located within the physical boundaries of your territory, then the premises of this non-traditional site will not be included in your protected territory and you will have no rights to this non-traditional site. If your Hummus Republic business is located at a non-traditional site, 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.

#### Restrictions On Us From Soliciting or Accepting Orders In Your Territory

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

#### Soliciting By You Outside Your Territory

There are no restrictions on you from soliciting or accepting orders from consumers outside of your territory, except that we reserve the right to control all internet-based marketing.

#### Competition By Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

### **Item 13 TRADEMARKS**

#### Principal Trademark

You receive the right to operate your business under the trademark Hummus Republic, which is the principal trademark used to identify our System. You may also use any other current or future Marks to operate your franchised business that we designate, including the logo on the front of this Disclosure Document. By “Mark,” we mean any trade name, trademark, service mark or logo used to identify your business. You may not use any Marks that we have not designated to identify your business.

The following is the principal trademark that we license to you. This trademark is owned by our affiliate, New Age Healthy Food Company, LLC. New Age Healthy Food Company, LLC has granted us right and license to use this trademark. It is registered on the Principal Register of the United States Patent and Trademark Office.

<b>Mark</b>	<b>Registration Number</b>	<b>Registration Date</b>
Word Mark: "Hummus Republic"	4670528	January 13, 2015

The trademark has not yet been renewed. We intend to file all required affidavits and renewals for the trademarks listed above.

We have applied to register the following mark with the USPTO. We do not have a federal registration for this mark. Therefore, this mark does not have as many legal benefits and rights as a federally registered trademark. If our right to use this mark is challenged, you may have to change to an alternative mark, which may increase your expenses.

<b>Mark</b>	<b>Serial Number</b>	<b>Filing Date</b>
Word Mark: "Fresh Habits"	97827274	March 7, 2023

#### Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

#### Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

#### Agreements

Except as noted in the next paragraph, there are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

New Age Healthy Food Company, LLC, our affiliate, owns the trademark described in this Item. Under and Intercompany License Agreement between us and New Age Healthy Food Company, LLC, we have been granted the exclusive right to sublicense the trademark to franchisees throughout the United States. The agreement is of perpetual duration. It may be modified only by mutual consent of the parties. It may be cancelled by our affiliate only if (1) we materially misuse the trademark and fail to correct the misuse, or (2) we discontinue commercial use of the trademark for a continuous period of more than one year. The Intercompany License Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected.



### Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

### Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

## **Item 14**

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

#### Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

#### Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operating Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving

a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights.

We do not know of any copyright infringement that could materially affect you.

### Proprietary Information

We have a proprietary, confidential Operating Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Operating Manual and other proprietary information, and use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

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

### Your Participation

You are required to participate personally in the direct operation of your business for the first 12 months after opening. After your first year of operations, you are not required to participate personally in the direct operation of your business. However, we recommend that you continue to participate.

You must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B).

### “On-Premises” Supervision

You are not required to personally conduct “on-premises” supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

Restrictions On Your Manager

If we request, you must have your general manager sign a confidentiality and non-compete agreement. We do not require you place any other restrictions on your manager.

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

You must offer for sale only goods and services that we have approved, both at the premises and online.

You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes. You may not operate any other restaurant concepts including cloud kitchens from the premises without our approval.

We do not restrict your access to customers, except that all sales must be made at or from your premises only to customers within your territory.

**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.**

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
a. Length of the franchise term	Franchise Agreement (FA): § 3.1 Multi-Unit Development Agreement (MUDA): Not Applicable	10 years from date of franchise agreement.
b. Renewal or extension of the term	FA: § 3.2 MUDA: Not Applicable	You may obtain a successor franchise agreement for up to two additional 5-year terms.

Provision	Section in franchise or other agreement	Summary
c. Requirements for franchisee to renew or extend	FA: § 3.2 MUDA: Not Applicable	<p>For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 5-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract.</p> <p>To renew, you must give advance notice to us; be in compliance; renovate to then-current standard; sign then-current form of franchise agreement; sign general release (unless prohibited by applicable law) and pay a renewal fee of \$5,000 per additional 5-year renewal term.</p>
d. Termination by franchisee	FA: § 14.1 MUDA: § 4	<p>If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.</p> <p>If you sign a MUDA, you may terminate it at any time. Franchise Agreement and Multi-Unit Development Agreement provisions regarding termination by the franchisee are subject to state law.</p>
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	FA: § 14.2 MUDA: § 4	<p>We may terminate your agreement for cause, subject to any applicable notice and cure opportunity.</p> <p>If you sign a Multi-Unit Development Agreement, termination of your MUDA does not give us the right to terminate your franchise agreement. However, if your franchise agreement is terminated, we have the right to terminate your MUDA.</p>
g. “Cause” defined--curable defaults	FA: § 14.2 MUDA: Not Applicable	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).

Provision	Section in franchise or other agreement	Summary
h. "Cause" defined--non-curable defaults	FA: § 14.2 MUDA: § 4	FA: Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our business inspection; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of a felony, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured.  MUDA: failure to meet development schedule; violation of franchise agreement or other agreement which gives us the right to terminate it.
i. Franchisee's obligations on termination/non-renewal	FA: §§ 14.3 – 14.6 MUDA: Not Applicable	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by franchisor	FA: § 15.1 MUDA: § 7	Unlimited
k. "Transfer" by franchisee - defined	FA: Article 1 MUDA: Background Statement	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) direct or indirect ownership interest of more than 25% of the business, or (iv) control of the business.
l. Franchisor's approval of transfer by franchisee	FA: § 15.2 MUDA: § 7	No transfers without our approval which will not be unreasonably withheld.

Provision	Section in franchise or other agreement	Summary
m. Conditions for franchisor's approval of transfer	FA: § 15.2 MUDA: Not Applicable	Existing Franchisee (seller) Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer signs our then-current franchise agreement; you've made all payments to us and are in compliance with the franchise agreement; buyer completes training program; you sign a general release; business complies with then-current system specifications.
n. Franchisor's right of first refusal to acquire franchisee's business	FA: § 15.5 MUDA: Not Applicable	If you want to transfer your business (other than to your spouse, sibling, or child), we have a right of first refusal.
o. Franchisor's option to purchase franchisee's business	Not Applicable	We may be required to purchase your asset's by law.
p. Death or disability of franchisee	FA: §§ 2.4, 15.4 MUDA: Not Applicable	If you die or become incapacitated, a new principal operator acceptable to us must be designated to operate the business, and your executor must transfer the business to a third party within nine months.
q. Non-competition covenants during the term of the franchise	FA: § 13.2 MUDA: Not Applicable	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, or be engaged or employed by, any competitor.
r. Non-competition covenants after the franchise is terminated or expires	FA: § 13.2 MUDA: Not Applicable	For two years, no ownership or employment by a competitor located within five miles of your former territory or the territory of any other Hummus Republic business operating on the date of termination.
s. Modification of the agreement	FA: § 18.4 MUDA: § 7	No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.

Provision	Section in franchise or other agreement	Summary
t. Integration/merger clause	FA: § 18.3 MUDA: § 7	Only the terms of the agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement (or MUDA) may not be enforceable. However, no claim made in any franchise agreement (or MUDA) is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	FA: § 17.1 MUDA: § 7	All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).
v. Choice of forum	FA: §§ 17.1; 17.5 MUDA: § 7	Arbitration will take place in the city and state where our headquarters is then located (subject to applicable state law), which is currently Woodland Hills, California. Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	FA: § 18.8 MUDA: § 7	Delaware (subject to applicable 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 franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the

information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

**Franchised Hummus Republic Restaurants - Historical Average Net, Median and Low / High Restaurant Gross Revenue by Tier.** The following figures represent the average, median, and low / high gross revenue for 11 franchisee-operated Hummus Republic restaurants that were open for the full twelve month period reported from January 1, 2023 to December 31, 2023. We excluded information for 2 franchisee-operated Hummus Republic restaurants because one closed in 2023 and one had a soft opening in December 2022 but didn't report sales until February 2023. The information is based on revenue reporting data provided by the franchisees.

	Average Gross Revenue By Tier	# / % Of Units Above Revenue	High Gross Revenue	Median Gross Revenue	Low Gross Revenue	Unit Count
<b>Top</b>	\$882,787	2 / 67%	\$961,823	\$920,965	\$765,572	3
<b>Middle</b>	\$502,961	3 / 60%	\$520,536	\$512,408	\$471,123	5
<b>Bottom</b>	\$374,909	2 / 67%	\$419,357.	\$381,519	\$323,850	3
<b>Total</b>	\$586,885	7 / 64%	\$633,905	\$604,964	\$520,182	11

As used in the table above, "Gross Revenue" means all revenue from the franchised business. **Some outlets have earned these amounts. Your individual results may differ. There is no assurance you will earn as much.**

We encourage you to review this material with your attorney or accountant. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Except for the information in this Item 19, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mr. Nir Giat, 20855-10b Ventura Blvd., Woodland Hills, CA 91364, and 818-987-9767, the Federal Trade Commission, and the appropriate state regulatory agencies.



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

**Table 1**  
**Systemwide Outlet Summary**  
**For years 2021 to 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	3	9	+6
	2022	9	13	+4
	2023	13	25	+12
Company-Owned	2021	1	1	0
	2022	1	1	0
	2023	1	0	-1
Total Outlets	2021	4	10	+6
	2022	10	14	+4
	2023	14	25	+11

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

State	Year	Number of Transfers
Total	2021	0
	2022	0
	2023	0

**Table 3**  
**Status of Franchised Outlets**  
**For years 2021 to 2023**

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Arizona	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
California	2021	3	3	0	0	0	0	6
	2022	6	4	1	0	0	0	9
	2023	9	4	0	0	0	0	13

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Colorado	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Georgia	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Indiana	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Massachusetts	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
New Jersey	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	3	0	0	0	0	5
North Carolina	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	0	1	0	0	0	0	1
Texas	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Washington	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Totals	2021	3	6	0	0	0	0	9
	2022	9	6	1	0	0	1	13
	2023	13	12	0	0	0	0	25

**Table 4**  
**Status of Company-Owned Outlets**  
**For years 2021 to 2023**

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	1	0	0
Totals	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	1	0	0

**Table 5**  
**Projected Openings As Of January 1, 2024**

<b>Column 1 State</b>	<b>Column 2 Franchise Agreements Signed But Outlet Not Opened</b>	<b>Column 3 Projected New Franchised Outlets In The Next Fiscal Year*</b>	<b>Column 4 Projected New Company-Owned Outlets In the Next Fiscal Year</b>
Arizona	3	3	0
California	6	3	0
Florida	7	3	0
Georgia	3	2	0
Indiana	3	2	0
Michigan	1	0	0
Missouri	1	0	0
Nevada	1	0	0
New Jersey	7	5	0
New York	1	1	0
North Carolina	2	2	0
Ohio	3	2	0
Tennessee	2	1	0
Texas	10	4	0
Virginia	1	1	0
<b>Total</b>	<b>51</b>	<b>29</b>	<b>0</b>

Current Franchisees

Exhibit H contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

Former Franchisees

Exhibit H contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

### Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

### Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

### **Item 21**

#### **FINANCIAL STATEMENTS**

Exhibit F contains our audited financial statements for the fiscal years ending December 31, 2023, December 31, 2022, and December 31, 2021. Our unaudited financial statements as of March 31, 2024 are included in Exhibit F. Our fiscal year end is December 31.

### **Item 22**

#### **CONTRACTS**

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. Rider to Lease Agreement
- E. Form of General Release
- J. State Addenda to Franchise Agreement
- K. State Addenda to Multi-Unit Development Agreement

### **Item 23**

#### **RECEIPTS**

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

## Exhibit A

### LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<p><b>CALIFORNIA</b>            Commissioner of Financial Protection and Innovation            Department of Financial Protection and Innovation            320 West Fourth Street, Suite 750            Los Angeles, California 90013-2344            (213) 576-7500 / Toll Free: (866) 275-2677            Email: ASK.DFPI@dfpi.ca.gov            Website: <a href="http://www.dfpi.ca.gov">http://www.dfpi.ca.gov</a></p>	<p><b>NEW YORK</b>            NYS Department of Law            Investor Protection Bureau            28 Liberty St. 21st Fl            New York, NY 10005            (212) 416-8222</p>
<p><b>HAWAII</b>            Commissioner of Securities            Department of Commerce &amp; Consumer Affairs            Business Registration Division            Securities Compliance Branch            335 Merchant Street, Room 203            Honolulu, Hawaii 96813            (808) 586-2722</p>	<p><b>NORTH DAKOTA</b>            North Dakota Securities Department            State Capitol            Department 414            600 East Boulevard Avenue, Fourteenth Floor            Bismarck, North Dakota 58505-0510            (701) 328-4712</p>
<p><b>ILLINOIS</b>            Illinois Office of the Attorney General            Franchise Bureau            500 South Second Street            Springfield, Illinois 62706            (217) 782-4465</p>	<p><b>RHODE ISLAND</b>            Department of Business Regulation            Securities Division, Building 69, First Floor            John O. Pastore Center            1511 Pontiac Avenue            Cranston, Rhode Island 02920            (401) 462-9527</p>
<p><b>INDIANA</b>            Secretary of State            Franchise Section            302 West Washington, Room E-111            Indianapolis, Indiana 46204            (317) 232-6681</p>	<p><b>SOUTH DAKOTA</b>            Division of Insurance            Securities Regulation            124 South Euclid Avenue, 2<sup>nd</sup> Floor            Pierre, South Dakota 57501            (605) 773-3563</p>
<p><b>MARYLAND</b>            Office of the Attorney General            Securities Division            200 St. Paul Place            Baltimore, Maryland 21202-2020            (410) 576-6360</p>	<p><b>VIRGINIA</b>            State Corporation Commission            Division of Securities and Retail Franchising            1300 East Main Street, 9th Floor            Richmond, Virginia 23219            (804) 371-9051</p>
<p><b>MICHIGAN</b>            Michigan Attorney General’s Office            Corporate Oversight Division, Franchise Section            525 West Ottawa Street            G. Mennen Williams Building, 1<sup>st</sup> Floor            Lansing, Michigan 48913            (517) 335-7567</p>	<p><b>WASHINGTON</b>            Department of Financial Institutions            Securities Division            P.O. Box 41200            Olympia, Washington 98504-1200            (360) 902-8760</p>
<p><b>MINNESOTA</b>            Minnesota Department of Commerce            85 7<sup>th</sup> Place East, Suite 280            St. Paul, Minnesota 55101            (651) 539-1600</p>	<p><b>WISCONSIN</b>            Division of Securities            4822 Madison Yards Way, North Tower            Madison, Wisconsin 53705            (608) 266-2139</p>

## AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states. 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 in some of the states listed.

<p><b>CALIFORNIA</b>          Commissioner of Financial Protection and Innovation          Department of Financial Protection and Innovation          320 West Fourth Street, Suite 750          Los Angeles, California 90013-2344          (213) 576-7500 / Toll Free: (866) 275-2677          Email: ASK.DFPI@dfpi.ca.gov          Website: <a href="http://www.dfpi.ca.gov">http://www.dfpi.ca.gov</a></p>	<p><b>NEW YORK</b>          New York Secretary of State          One Commerce Plaza          99 Washington Avenue          Albany, NY 12231          (518) 473-2492</p>
<p><b>HAWAII</b>          Commissioner of Securities          Department of Commerce &amp; Consumer Affairs          Business Registration Division          Securities Compliance Branch          335 Merchant Street, Room 203          Honolulu, Hawaii 96813          (808) 586-2722</p>	<p><b>NORTH DAKOTA</b>          North Dakota Securities Commissioner          State Capitol          Department 414          600 East Boulevard Avenue, Fourteenth Floor          Bismarck, North Dakota 58505-0510          (701) 328-4712</p>
<p><b>ILLINOIS</b>          Illinois Attorney General          500 South Second Street          Springfield, Illinois 62706          (217) 782-4465</p>	<p><b>RHODE ISLAND</b>          Director of Department of Business Regulation          Department of Business Regulation          Securities Division, Building 69, First Floor          John O. Pastore Center          1511 Pontiac Avenue          Cranston, Rhode Island 02920          (401) 462-9527</p>
<p><b>INDIANA</b>          Secretary of State          Franchise Section          302 West Washington, Room E-111          Indianapolis, Indiana 46204          (317) 232-6681</p>	<p><b>SOUTH DAKOTA</b>          Division of Insurance          Director of the Securities Regulation          124 South Euclid Avenue, 2<sup>nd</sup> Floor          Pierre, South Dakota 57501          (605) 773-3563</p>
<p><b>MARYLAND</b>          Maryland Securities Commissioner          200 St. Paul Place          Baltimore, Maryland 21202-2020          (410) 576-6360</p>	<p><b>VIRGINIA</b>          Clerk of the State Corporation Commission          1300 East Main Street, 1<sup>st</sup> Floor          Richmond, Virginia 23219          (804) 371-9733</p>
<p><b>MICHIGAN</b>          Michigan Attorney General’s Office          Corporate Oversight Division, Franchise Section          525 West Ottawa Street          G. Mennen Williams Building, 1<sup>st</sup> Floor          Lansing, Michigan 48913          (517) 335-7567</p>	<p><b>WASHINGTON</b>          Director of Department of Financial Institutions          Securities Division – 3<sup>rd</sup> Floor          150 Israel Road, Southwest          Tumwater, Washington 98501          (360) 902-8760</p>
<p><b>MINNESOTA</b>          Commissioner of Commerce          Minnesota Department of Commerce          85 7<sup>th</sup> Place East, Suite 280          St. Paul, Minnesota 55101          (651) 539-1600</p>	<p><b>WISCONSIN</b>          Division of Securities          4822 Madison Yards Way, North Tower          Madison, Wisconsin 53705          (608) 266-2139</p>

**EXHIBIT B**  
**FRANCHISE AGREEMENT**



## FRANCHISE AGREEMENT

SUMMARY PAGE	
1. Franchisee	_____
2. Initial Franchise Fee	\$ _____
3. Designated Marketing Area	_____
4. Business Location	_____
5. Territory	_____
6. Opening Deadline	_____
7. Principal Executive	_____
8. Franchisee's Address	_____



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## FRANCHISE AGREEMENT

This Agreement is made between Hummus Republic Franchising USA, Inc., a Delaware Corporation (“HR Franchising”), and Franchisee effective as of the date signed by HR Franchising (the “Effective Date”).

### **Background Statement:**

A. HR Franchising and its affiliate New Age Healthy Food Company have created and own a system (the “System”) for developing and operating a QSR restaurant business model under the trade name “Hummus Republic”.

B. The System includes (1) methods, procedures, and standards for developing and operating a Hummus Republic business, (2) plans, specifications, equipment, signage and trade dress for Hummus Republic businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by HR Franchising from time to time.

C. The parties desire that HR Franchising license the Marks and the System to Franchisee for Franchisee to develop and operate a Hummus Republic business on the terms and conditions of this Agreement.

### **ARTICLE 1. DEFINITIONS**

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by HR Franchising.

“**Business**” means the Hummus Republic business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business which offers healthy food products similar to those offered by Franchisor or other Hummus Republic franchisees in a QSR format focused on Hummus products which derives 15% or more of its annual gross sales from retail sales of healthy food products.

“**Confidential Information**” means all non-public information of or about the System, HR Franchising, and any Hummus Republic business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

“**Gross Sales**” means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of

business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

“**Input**” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

“**Location**” means the location stated on the Summary Page. If no location is stated on the Summary Page, then the Location will be determined in accordance with Section 6.1.

“**Losses**” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of HR Franchising’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

“**Manual**” means HR Franchising’s confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“**Brand Development Fund**” means the fund established (or which may be established) by HR Franchising into which Brand Development Fund Contributions are deposited.

“**Marks**” means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by HR Franchising from time to time for use in a Hummus Republic business.

“**Non-Traditional Sites**” means outlets that serve primarily the customers located within the facility, such as captive audience facilities (examples include, but are not limited to, parks charging admission, stadiums, amusement parks and centers, theaters and art centers), limited purpose facilities (examples include, but are not limited to, airports, transportation centers, department stores, indoor shopping centers, business and industrial complexes, museums, educational facilities, hospitals, art centers, and recreational parks), limited access facilities (examples include, but are not limited to, military complexes, buyer club businesses, educational facilities, business and industrial complexes), and other types of institutional accounts.

“**Owner**” means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

“**Remodel**” means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new Hummus Republic business.

“**Required Vendor**” means a supplier, vendor, or distributor of Inputs which HR Franchising requires franchisees to use.

“**System Standards**” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by HR Franchising, which may

include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

“**Territory**” means the territory stated on the Summary Page. If no territory is stated on the Summary Page, then the Territory is determined in accordance with Section 6.1.

“**Transfer**” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) direct or indirect ownership interest of more than 25% of the Business, or (iv) control of the Business.

## ARTICLE 2. GRANT OF LICENSE

**2.1 Grant.** HR Franchising grants to Franchisee the right to operate a Hummus Republic business solely at the Location. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate a Hummus Republic business at the Location for the entire term of this Agreement.

**2.2 Territory.** HR Franchising shall not establish, nor license the establishment of, another Hummus Republic business within the Territory, except as defined below. HR Franchising retains the right to:

- (i) establish and license others to establish and operate Hummus Republic businesses outside the Territory;
- (ii) operate and license others to operate businesses anywhere that do not operate under the Hummus Republic brand name; and
- (iii) sell and license others to sell products and services in the Territory through channels of distribution (including the internet) other than Hummus Republic outlets.
- (iv) establish, own, operate and license others Hummus Republic businesses under the Marks in Non-Traditional Sites at any location within our outside of the Territory. Franchisee understands that if their Hummus Republic Business is located at a Non-Traditional Site, Franchisee will not receive an exclusive territory.

**2.3 Franchisee Control.** Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner’s interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee

shall notify HR Franchising within 10 days. Franchisee is required to participate personally in the direct operation of the Business for the first 12 months of operation.

**2.4 Principal Executive.** Franchisee agrees that the person designated as the “Principal Executive” on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to HR Franchising’s reasonable approval.

**2.5 Guaranty.** If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee’s obligations to HR Franchising, in the form of Attachment 3.

**2.6 No Conflict.** Franchisee represents to HR Franchising that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or “blocked” in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

### ARTICLE 3. TERM

**3.1 Term.** This Agreement commences on the Effective Date and continues for 10 years.

**3.2 Successor Agreement.** When the term of this Agreement expires, Franchisee may enter into a successor agreement for up to two additional periods of 5 years each, subject to the following conditions prior to each expiration:

- (i) Franchisee notifies HR Franchising of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with HR Franchising (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to HR Franchising) renovations and changes to the Business as HR Franchising requires to conform to the then-current System Standards;
- (iv) Franchisee executes HR Franchising’s then-current standard form of franchise agreement, which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than described in this Section

- (v) Franchisee pays a renewal fee of 20% of the then-current initial franchise fee per additional 5-year renewal term;
- (vi) Franchisee and each Owner executes a general release (on HR Franchising's then-standard form) of any and all claims against HR Franchising, its affiliates, and their respective owners, officers, directors, agents and employees.

#### **ARTICLE 4. FEES**

**4.1 Initial Franchise Fee.** Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. If Franchisee is signing a franchise agreement pursuant to a Hummus Republic Multi-Unit Development Agreement, Franchisee will pay a reduced franchise fee in accordance with the terms of that Agreement. This initial franchise fee is fully earned upon payment and is not refundable under any circumstance.

**4.2 Royalty Fee.** Franchisee shall pay HR Franchising a weekly royalty fee (the "Royalty Fee") equal to 6% of Gross Sales. The Royalty Fee for any given week is due on the first Tuesday of the following week.

#### **4.3 Marketing Contributions.**

(a) Brand Development Fund Contribution. Franchisee shall pay HR Franchising a contribution to the Brand Development Fund (the "Brand Development Fund Contribution") equal to 2% of Franchisee's Gross Sales (or such lesser amount as HR Franchising determines), at the same time as the Royalty Fee.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative.

**4.4 Opening Package.** Before opening the Business, upon receipt of invoice, Franchisee shall pay us an opening package fee. The opening package will include, among other things, uniforms, to-go menus, and store posters. This amount is fully earned upon payment and is not refundable under any circumstance.

**4.5 Replacement / Additional Training Fee.** If Franchisee sends an employee to HR Franchising's training program after opening, HR Franchising may charge its then-current training fee. As of the date of this Agreement, the training fee is \$500 per day per trainer plus travel and living expenses for up to 5 calendar days.

**4.6 Third Party Vendors.** If HR Franchising requires Franchisee to use a designated third-party vendor, HR Franchising has the right (but not the obligation) to collect payment on behalf of the vendor and remit the payment to the vendor. If HR Franchising does so, it may impose a reasonable markup or charge for administering the payment program.

**4.7 Non-Compliance Fee.** HR Franchising may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to HR Franchising) which Franchisee fails to cure after 30 days' notice.

Thereafter, HR Franchising may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of HR Franchising's internal cost of personnel time attributable to addressing the non-compliance, and is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of HR Franchising's other rights and remedies.

**4.8 Technology Fee.** HR Franchising will facilitate and directly pay for Franchisee's access to certain software and related platforms and programs. Franchisee shall pay HR Franchising the then-current monthly technology fee, payable at the same time as the Royalty Fee (the "Technology Fee"). The Technology Fee may be changed in the sole and absolute discretion of HR Franchising, upon 60 days prior written notice to Franchisee.

**4.9 Reimbursement.** HR Franchising may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If HR Franchising does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to HR Franchising within 15 days after invoice by HR Franchising accompanied by reasonable documentation.

#### **4.10 Payment Terms.**

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Brand Development Fund Contribution, and any other amounts owed to HR Franchising by pre-authorized bank draft or in such other manner as HR Franchising may require.

(b) Calculation of Fees. Franchisee shall report weekly Gross Sales to HR Franchising by Tuesday of the following week. If Franchisee fails to report weekly Gross Sales, then HR Franchising may withdraw estimated Royalty Fees and Brand Development Fund Contributions equal to 125% of the last Gross Sales reported to HR Franchising, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that HR Franchising has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. HR Franchising may charge \$50 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by HR Franchising (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. HR Franchising may apply any payment received from Franchisee to any obligation and in any order as HR Franchising may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to HR Franchising any fees or amounts described in this Agreement are not dependent on HR Franchising's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

## ARTICLE 5. ASSISTANCE

**5.1 Manual.** HR Franchising shall make its Manual available to Franchisee.

**5.2 Assistance in Hiring Employees.** HR Franchising shall provide its suggested staffing levels to Franchisee. HR Franchising shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee's sole responsibility.

**5.3 Assistance in Training Employees.** HR Franchising shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.

**5.4 Pre-Opening Assistance.**

(a) Selecting Location. HR Franchising shall provide its criteria for Hummus Republic locations to Franchisee. HR Franchising will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Pre-Opening Plans, Specifications, and Vendors. Within a reasonable period of time after the Effective Date, HR Franchising shall provide Franchisee with (i) HR Franchising's sample set of standard building plans and specifications and/or standard recommended floor plans; (ii) the applicable System Standards, (iii) other specifications as HR Franchising deems appropriate (which may include specifications regarding design, finishing, equipment, inventory, supplies, materials, and other matters), and (iv) HR Franchising's lists of Approved Vendors and/or Required Vendors, as well as approved architects and contractors.

(c) Business Plan Review. If requested by Franchisee, HR Franchising shall review and advise on Franchisee's pre-opening business plan and financial projections. Franchisee shall obtain approval from HR Franchising before obtaining any new loan related to the Business.

(d) Pre-Opening Training. HR Franchising shall make available its standard pre-opening training (that will be the length of time determined by HR Franchising) to the Principal Executive and up to 2 other employees, at HR Franchising's headquarters and/or at a Hummus Republic business designated by HR Franchising. HR Franchising shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses.

(e) Market Introduction Plan. HR Franchising shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

(f) On-Site Opening Assistance. HR Franchising shall have up to 3 representatives support Franchisee's business opening with 3 to 5 days of onsite opening training and assistance at a rate of \$500 per trainer per day plus travel, lodging and reasonable living expenses.



## 5.5 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, HR Franchising will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent HR Franchising deems reasonable. If HR Franchising provides in-person support in response to Franchisee's request, HR Franchising may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Subject to applicable law, HR Franchising will provide pricing guidelines for products and services offered by franchisees of the System, which may include minimum and maximum price policies, minimum advertised price policies and unilateral price policies, mandatory discounts, guest loyalty or frequent customer programs gift certificate and/or gift card administration programs.

(c) Procedures. HR Franchising will provide Franchisee with HR Franchising's recommended administrative, bookkeeping, accounting, and inventory control procedures. HR Franchising may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. HR Franchising shall manage the Brand Development Fund.

(e) Internet. HR Franchising shall maintain a website for Hummus Republic, which will include Franchisee's location (or territory) and telephone number.

## ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

### 6.1 Determining Location and Territory.

(i) Your Hummus Republic business must be operated from a single Location that HR Franchising reviews and approves (the "Location"). If the parties have not agreed on a Location as of the date this Agreement is executed, HR Franchising will designate a general marketing area (the "DMA") on the Summary Page wherein Franchisee must locate and secure the Location as stated herein. Franchisee acknowledges and agrees that: (i) it does not have any territorial rights within the DMA; (ii) HR Franchising may permit other new franchisees to search for the location of their Hummus Republic business within the same DMA that is assigned to Franchisee under this Agreement if HR Franchising determines in its discretion that the DMA is large enough to contain additional franchises; and (iii) potential locations for each Hummus Republic business, and resulting Designated Territories (as defined below), within the DMA will be reviewed and rejected/granted on a first-to-propose basis.

(ii) Upon locating and securing a Location, HR Franchising will designate a geographical area surrounding the Location wherein HR Franchising will not open or locate, or license a third party the right to open or locate, another Hummus Republic business utilizing the System and Proprietary Marks (the "Designated Territory"), for so long as Franchisee is in compliance with this Agreement. The boundaries of the Designated Territory, once determined by HR Franchising, will be described on the Summary Page. Franchisee acknowledges that it does not have any other territorial rights within the Designated Territory.

- (a) There are no territorial restrictions for a Franchisee to accept business from customers that reside/work or are otherwise based outside of the Designated Territory if these customers contact Franchisee and/or visit the Franchised Business.
- (b) Franchisee may not solicit prospective customers outside of the Designated Territory, unless (a) these prospective customers do not reside within the territory granted to another franchisee or other Hummus Republic business, and (b) Franchisee obtains HR Franchising's prior written consent. HR Franchising will not unreasonably withhold its approval of certain digital-based marketing that reaches beyond the Designated Territory, provides such marketing doesn't geographically target potential customers outside of the Designated Territory.

**(iii) HR Franchising's advice regarding or acceptance of a site is not a representation or warranty that the Business will be successful, and HR Franchising has no liability to Franchisee with respect to the location of the Business.**

**6.2 Lease.** In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by HR Franchising, Franchisee must submit the proposed lease to HR Franchising for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, and (iii) Franchisee shall use commercially reasonable efforts to obtain the landlord's signature to a rider to the lease in the form required by HR Franchising. You must pay us a real estate and construction fee in the amount of five thousand dollars (\$5,000) when you sign our lease for the Location. The real estate and construction fee covers our assistance during the construction process.

**6.3 Development.** Franchisee shall construct (or remodel) and finish the Location in conformity with HR Franchising's System Standards. If required by HR Franchising, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. If you elect to use an architect that is not on our list of approved architects, you must pay us a fee in the amount of five thousand dollars (\$5,000) to cover our costs associated with evaluating your proposed architect. If you elect to use a contractor that is not on our list of approved contractors, you must pay us a fee in the amount of five thousand dollars (\$5,000) to cover our costs associated with evaluating your proposed contractor. Franchisee shall not begin any construction or remodeling work without first obtaining HR Franchising's approval of Franchisee's plans. HR Franchising may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee must adhere to the branding and design requirements and must use the finishing material outlined by HR Franchising for the construction or remodeling. Franchisee must purchase the equipment required by HR Franchising. Franchisee shall not rely upon any information provided or opinions expressed by HR Franchising or its representatives regarding any architectural, engineering or legal matters in the development and construction of the Business, and HR Franchising assumes no liability with respect thereto. HR Franchising's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering or legal standards.

**6.4 New Franchisee Training.** Franchisee's Principal Executive must complete HR Franchising's training program for new franchisees. If the Principal Executive (i) fails to complete the initial training program to HR Franchising's satisfaction, or (ii) HR Franchising concludes, no more than 10 days after the Principal Executive completes the initial training program, that the Principal Executive does not have the ability to satisfactorily operate the Business, then HR Franchising may terminate this Agreement.

**6.5 Conditions to Opening.** Franchisee shall notify HR Franchising at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) HR Franchising has inspected and approved the Business, (5) Franchisee has hired sufficient employees, (6) Franchisee's officers and employees have completed all of HR Franchising's required pre-opening training; (7) HR Franchising has given its written approval to open, which will not be unreasonably withheld.

**6.6 Opening Date.** Franchisee shall open the Business to the public on or before the date stated on the Summary Page.

## ARTICLE 7. OPERATIONS

**7.1 Compliance with Manual and System Standards.** Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards.

**7.2 Compliance with Law.** Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

**7.3 Products, Services, and Methods of Sale.** Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by HR Franchising in the Manual or otherwise in writing. Franchisee shall make sales only to retail customers, at the Location or through catering and third party delivery services. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that HR Franchising may require.

**7.4 Prices.** Notwithstanding any provision of this Agreement or the Manual to the contrary, to the extent permitted by applicable law, HR Franchising reserves the right to establish maximum, minimum, or other pricing requirements with respect to the prices Franchisee may charge for products or services at the Location.

### **7.5 Personnel.**

(a) **Management.** The Business must at all times be under the on-site supervision of the Principal Executive or a general manager who has completed HR Franchising's training program.

(b) **Service.** Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(d) Qualifications. HR Franchising may set minimum qualifications for categories of employees employed by Franchisee.

(e) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and HR Franchising are not joint employers, and no employee of Franchisee will be an agent or employee of HR Franchising.

**7.6 Post-Opening Training.** HR Franchising may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by HR Franchising. HR Franchising may charge a reasonable fee for any training programs. HR Franchising may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

**7.7 Customer Complaints.** Franchisee shall use its best efforts to promptly resolve any customer complaints. HR Franchising may take any action it deems appropriate to resolve a customer complaint regarding the Business, and HR Franchising may require Franchisee to reimburse HR Franchising for any expenses.

**7.8 Customer Evaluation and System Compliance Programs.** Franchisee shall participate at its own expense in programs required from time to time by HR Franchising for obtaining customer evaluations and/or reviewing Franchisee's compliance with the System, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. HR Franchising shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by HR Franchising for such programs.

**7.9 Payment Systems.** Franchisee shall accept payment from customers in any form or manner designated by HR Franchising (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by HR Franchising. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

**7.10 Gift Cards, Loyalty Programs, and Incentive Programs.** At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs or customer incentive programs, designated by HR Franchising, in the manner specified by HR Franchising in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Hummus Republic business. Franchisee shall comply with all procedures and specifications of HR Franchising related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty or customer incentive programs. Franchisee must pay HR Franchising

the then-current gift card program fee, payable as required by HR Franchising. As of the date of this Agreement, the gift card program fee is \$9.50 per month.

**7.11 Maintenance and Repair.** Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as HR Franchising may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

**7.12 Remodeling.** In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, HR Franchising may require Franchisee to undertake and complete a Remodel of the Location to HR Franchising's satisfaction. Franchisee must complete the Remodel in the time frame specified by HR Franchising. HR Franchising may require the Franchisee to submit plans for HR Franchising's reasonable approval prior commencing a required Remodel. HR Franchising's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

**7.13 Meetings.** The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that HR Franchising requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

**7.14 Insurance.**

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by HR Franchising in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

- (i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible);
- (ii) Business interruption insurance covering at least 12 months of income;
- (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit;
- (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and

(v) Workers Compensation coverage as required by state law.

(b) Franchisee's policies (other than Workers Compensation) must (1) list HR Franchising and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of HR Franchising and its affiliates, (3) be primary and non-contributing with any insurance carried by HR Franchising or its affiliates, and (4) stipulate that HR Franchising shall receive 30 days' prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to HR Franchising prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of HR Franchising.

**7.15 Suppliers and Landlord.** Franchisee shall pay all vendors and suppliers in a timely manner. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location.

**7.16 Public Relations.** Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Hummus Republic, the Business, or any particular incident or occurrence related to the Business, without HR Franchising's prior written approval.

**7.17 Association with Causes.** Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without HR Franchising's prior written approval.

**7.18 No Other Activity at the Location.** Franchisee shall not engage in any activity at the Location other than operation of the Hummus Republic Business.

**7.19 No Other Businesses.** If Franchisee is an entity, Franchisee shall not own or operate any other business except Hummus Republic businesses.

**7.20 No Third Party Management.** Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of HR Franchising, which will not be unreasonably withheld.

**7.21 No Co-Branding.** Franchisee shall not "co-brand" or associate any other business activity with the Hummus Republic Business in a manner which is likely to cause the public to perceive it to be related to the Hummus Republic Business.

**7.22 Identification.** Franchisee must identify itself as the independent owner of the Business in the manner prescribed by HR Franchising. Franchisee must display at the Business signage prescribed by HR Franchising identifying the Location as an independently owned franchise.

**7.23 Business Practices.** Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from HR Franchising. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

## ARTICLE 8. SUPPLIERS AND VENDORS

**8.1 Generally.** Franchisee shall acquire all Inputs required by HR Franchising from time to time in accordance with System Standards. HR Franchising may require Franchisee to purchase or lease any Inputs from HR Franchising, HR Franchising's designee, Required Vendors, Approved Vendors, and/or under HR Franchising's specifications. HR Franchising may change any such requirement or change the status of any vendor. To make such requirement or change effective, HR Franchising shall issue the appropriate System Standards.

**8.2 Alternate Vendor Approval.** If HR Franchising requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by HR Franchising. HR Franchising may condition its approval on such criteria as HR Franchising deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Franchisee must pay HR Franchising a fee in the amount of five thousand dollars (\$5,000), upon demand, for HR Franchising's expenses and efforts in evaluating the proposed new vendor. HR Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

**8.3 Alternate Input Approval.** If HR Franchising requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by HR Franchising. HR Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

**8.4 Purchasing.** HR Franchising may implement a centralized purchasing system and negotiate prices and terms with vendors on behalf of the System. HR Franchising may receive rebates or payments from vendors in connection with purchases by franchisees. HR Franchising may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as HR Franchising may determine.

**8.5 No Liability of Franchisor.** HR Franchising shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

**8.6 Product Recalls.** If HR Franchising or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from HR Franchising or the vendor, supplier, or manufacturer of such item with respect to the recall, repair, or other remedy of such item.

## ARTICLE 9. MARKETING

**9.1 Implementation.** Franchisee shall not use any marketing materials or campaigns (including point-of-sale materials, advertising, social media marketing, and sponsorships) that have not been approved by HR Franchising. Franchisee shall implement any marketing plans or campaigns determined by HR Franchising.

**9.2 Use By HR Franchising.** HR Franchising may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, royalty-free license to HR Franchising for such purpose.

**9.3 Brand Development Fund.** HR Franchising may establish a Brand Development Fund to promote the System on a local, regional, national, and/or international level. If HR Franchising has established a Brand Development Fund:

(a) Separate Account. HR Franchising shall hold the Brand Development Fund Contributions from all franchisees in one or more bank accounts separate from HR Franchising's other accounts.

(b) Use. HR Franchising shall use the Brand Development Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as HR Franchising reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Brand Development Fund (including the compensation of HR Franchising's employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Brand Development Fund).

(c) Discretion. Franchisee agrees that expenditures from the Brand Development Fund need not be proportionate to contributions made by Franchisee or provide a direct or any benefit to Franchisee. The Brand Development Fund will be spent at HR Franchising's sole discretion, and HR Franchising has no fiduciary duty with regard to the Brand Development Fund.

(d) Surplus or Deficit. HR Franchising may accumulate funds in the Brand Development Fund and carry the balance over to subsequent years. If the Brand Development Fund operates at a deficit or requires additional funds at any time, HR Franchising may loan such funds to the National Brand Development Fund on reasonable terms.

(e) Financial Statement. HR Franchising will prepare an unaudited annual financial statement of the Brand Development Fund within 120 days of the close of HR Franchising's fiscal year and will provide the financial statement to Franchisee upon request.

**9.4 Marketing Cooperatives.** HR Franchising may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market



Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days. HR Franchising shall not require Franchisee to be a member of more than one Market Cooperative. If HR Franchising establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by HR Franchising. HR Franchising may require the Market Cooperative to adopt bylaws or regulations prepared by HR Franchising. Unless otherwise specified by HR Franchising, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. HR Franchising will be entitled to attend and participate in any meeting of a Market Cooperative. Any Hummus Republic business owned by HR Franchising in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, HR Franchising may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to HR Franchising's approval), standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of HR Franchising pursuant to Section 9.1. HR Franchising may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 2% of Gross Sales.

(e) Enforcement. Only HR Franchising will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. HR Franchising may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Brand Development Fund.

**9.5 Required Spending.** During the first six (6) months after opening, Franchisee shall pay to HR Franchising \$2,000 per month and HR Franchising will manage and pay for advertising. Beginning in the seventh (7<sup>th</sup>) month of operation, Franchisee shall spend at least 2% of Gross Sales each month on marketing the Business, which Franchisee may choose to pay to HR Franchising. If this is paid to HR Franchising, HR Franchising will run all digital and social media

advertising for Franchisee. Franchisee must submit to HR Franchising a monthly report on local marketing conducted by Franchisee and the funds that were spent. Upon request of HR Franchising, Franchisee shall furnish proof of its compliance with this Section at any time during the term of this Agreement upon reasonable request. HR Franchising has the sole discretion to determine what activities constitute “marketing” under this Section. HR Franchising may, in its discretion, determine that if Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee’s required spending under this Section.

**9.6 Market Introduction Plan.** Franchisee must develop a market introduction plan and obtain HR Franchising’s approval of the market introduction plan at least 30 days before the projected opening date of the Business.

**9.7 Internet Marketing.** HR Franchising has the exclusive right to conduct and manage all marketing and commerce on the internet or other electronic medium, including all websites and “social media” marketing. Franchisee shall not conduct such marketing or commerce, nor establish any website or social media presence independently, except as HR Franchising may specify, and only with HR Franchising’s consent. HR Franchising retains the right to approve any linking to or other use of HR Franchising’s website. Franchisee must comply with any internet, online commerce and/or social media policy that HR Franchising may prescribe.

## **ARTICLE 10. RECORDS AND REPORTS**

**10.1 Systems.** Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as HR Franchising may specify in the Manual or otherwise in writing.

### **10.2 Reports.**

(a) Financial Reports. Franchisee must use the accounting firm HR Franchising designates for the term of this Agreement. Franchisee shall provide such periodic financial reports as HR Franchising may require in the Manual or otherwise in writing, including:

- (i) a quarterly profit and loss statement and balance sheet for the Business within 30 days after the end of each fiscal quarter of HR Franchising’s fiscal year,
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of HR Franchising’s fiscal year, and
- (iii) monthly financial reports including information regarding the cost of food supplies, the cost of labor, and other operational expenses.

(b) Legal Actions and Investigations. Franchisee shall promptly notify HR Franchising of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as HR Franchising may request.

(c) Government Inspections. Franchisee shall give HR Franchising copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to HR Franchising such other financial statements, reports, records (including monthly bank statements), copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that HR Franchising may reasonably request.

**10.3 Initial Investment Report.** Within 120 days after opening for business, Franchisee shall submit to HR Franchising a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of HR Franchising's Franchise Disclosure Document and with such other information as HR Franchising may request.

**10.4 Business Records.** Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as HR Franchising may specify in the Manual or otherwise in writing.

**10.5 Records Audit.** HR Franchising may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. HR Franchising may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by HR Franchising. Franchisee shall also reimburse HR Franchising for all costs and expenses of the examination or audit if (i) HR Franchising conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any 4-week period.

## **ARTICLE 11. FRANCHISOR RIGHTS**

**11.1 Manual; Modification.** The Manual, and any part of the Manual, may be in any form or media determined by HR Franchising. HR Franchising may supplement, revise, or modify the Manual, and HR Franchising may change, add or delete System Standards at any time in its discretion. HR Franchising may inform Franchisee thereof by any method that HR Franchising deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Manual, HR Franchising's master copy will control.

**11.2 Inspections.** HR Franchising may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with HR Franchising's inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. HR Franchising may videotape and/or take photographs of the inspection and the Business. Without limiting HR Franchising's other rights under this Agreement, Franchisee will,

as soon as reasonably practical, correct any deficiencies noted during an inspection. If HR Franchising conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then HR Franchising may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

**11.3 HR Franchising's Right To Cure.** If Franchisee breaches or defaults under any provision of this Agreement, HR Franchising may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse HR Franchising for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

**11.4 Right to Discontinue Supplies Upon Default.** While Franchisee is in default or breach of this Agreement, HR Franchising may (i) require that Franchisee pay cash on delivery for products or services supplied by HR Franchising, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third party vendors to not sell or provide products or services to Franchisee. No such action by HR Franchising shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of HR Franchising are in addition to any other right or remedy available to HR Franchising.

**11.5 Business Data.** All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by HR Franchising. HR Franchising hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

**11.6 Innovations.** Franchisee shall disclose to HR Franchising all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, its employees, agents or contractors. HR Franchising will automatically own all Innovations, and will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee.

**11.7 Communication Systems.** If HR Franchising provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and authorizes HR Franchising to access such communications.

**11.8 Delegation.** HR Franchising may delegate any duty or obligation of HR Franchising under this Agreement to a third party.

**11.9 System Variations.** HR Franchising may vary or waive any System Standard for any one or more Hummus Republic franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

**11.10 Temporary Public Safety Closure.** If HR Franchising discovers or becomes aware of any aspect of the Business which, in HR Franchising's opinion, constitutes an imminent danger to the

health or safety of any person, then immediately upon HR Franchising's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. HR Franchising shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

## ARTICLE 12. MARKS

**12.1 Authorized Marks.** Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by HR Franchising, and only in the manner as HR Franchising may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of HR Franchising.

**12.2 Change of Marks.** HR Franchising may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after HR Franchising makes any such change, Franchisee must comply with the change, at Franchisee's expense.

### 12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) HR Franchising shall defend Franchisee (at HR Franchising's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark, and (ii) HR Franchising will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement By Third Party. Franchisee shall promptly notify HR Franchising if Franchisee becomes aware of any possible infringement of a Mark by a third party. HR Franchising may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. HR Franchising shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

## ARTICLE 13. COVENANTS

**13.1 Confidential Information.** With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by HR Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by HR Franchising, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by HR Franchising (except for Confidential Information which HR Franchising licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

### **13.2 Covenants Not to Compete.**

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the “Restricted Parties”) shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor within five miles of Franchisee’s Territory or the territory of any other Hummus Republic business operating on the date of termination or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of HR Franchising. Franchisee agrees that the existence of any claim it may have against HR Franchising shall not constitute a defense to the enforcement by HR Franchising of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended for each day of noncompliance.

**13.4 General Manager and Key Employees.** If requested by HR Franchising, Franchisee will cause its general manager and other key employees to sign HR Franchising’s then-current form of confidentiality and non-compete agreement.

## **ARTICLE 14. DEFAULT AND TERMINATION**

**14.1 Termination by Franchisee.** Franchisee may terminate this Agreement only if HR Franchising violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after HR Franchising receives written notice of termination.

### **14.2 Termination by HR Franchising.**

(a) Subject to 10-Day Cure Period. HR Franchising may terminate this Agreement if Franchisee does not make any payment to HR Franchising when due, or if Franchisee does not have sufficient funds in its account when HR Franchising attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after HR Franchising gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and fails to cure such breach to HR Franchising’s satisfaction within 30 days after HR Franchising gives notice to Franchisee of such breach, then HR Franchising may terminate this Agreement.

(c) Without Cure Period. HR Franchising may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to HR Franchising;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page;
- (v) Franchisee loses possession of the Location;
- (vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;
- (viii) Franchisee or any Owner slanders or libels HR Franchising or any of its employees, directors, or officers;
- (ix) Franchisee refuses to cooperate with or permit any audit or inspection by HR Franchising or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
- (x) the Business is operated in a manner which, in HR Franchising's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from HR Franchising or otherwise);
- (xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xii) HR Franchising (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its

affiliate) (provided that termination of a Multi-Unit Development Agreement with Franchisee or its affiliate shall not give HR Franchising the right to terminate this Agreement); or

- (xiii) Franchisee or any Owner is accused by any governmental authority or third party of any act that in HR Franchising's opinion is reasonably likely to materially and unfavorably affect the Hummus Republic brand, or is charged with, pleads guilty to, or is convicted of a felony.

**14.3 Effect of Termination.** Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to HR Franchising based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to HR Franchising all copies of the Manual, Confidential Information and any and all other materials provided by HR Franchising to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to HR Franchising or any new franchisee as may be directed by HR Franchising, and Franchisee hereby irrevocably appoints HR Franchising, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and
- (iv) cease doing business under any of the Marks.

**14.4 Remove Identification.** Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a Hummus Republic business, to the reasonable satisfaction of HR Franchising. Franchisee shall comply with any reasonable instructions and procedures of HR Franchising for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, HR Franchising may enter the Location to remove the Marks and de-identify the Location. In this event, HR Franchising will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by HR Franchising.

**14.5 Other Claims.** Termination of this Agreement by HR Franchising will not affect or discharge any claims, rights, causes of action or remedies (including claims for HR Franchising's lost future income after termination), which HR Franchising may have against Franchisee, whether arising before or after termination.



**14.6 Purchase Option.** When this Agreement expires or is terminated, HR Franchising will have the right (but not the obligation) to purchase any or all of the assets related to the Business at fair market value, and/or to require Franchisee to assign its lease or sublease to HR Franchising. To exercise this option, HR Franchising must notify Franchisee no later than 30 days after this Agreement expires or is terminated. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. HR Franchising's purchase will be of assets only (free and clear of all liens), and will not include any liabilities of Franchisee. If HR Franchising exercises the purchase option, HR Franchising may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by HR Franchising to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, HR Franchising may pay a portion of the purchase price directly to the lienholder to pay off such lien. HR Franchising may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. HR Franchising may assign this purchase option to another party.

## **ARTICLE 15. TRANSFERS**

**15.1 By HR Franchising.** HR Franchising may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and HR Franchising may undergo a change in ownership and/or control, without the consent of Franchisee.

**15.2 By Franchisee.** Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that HR Franchising entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing HR Franchising at least 60 days prior notice of the proposed Transfer, and without obtaining HR Franchising's consent. In granting any such consent, HR Franchising may impose conditions, including, without limitation, the following:

- (i) HR Franchising receives a transfer fee equal to 50% of the then current Franchise Fee unless such transfer is made to a spouse, sibling or child of Franchisee or any of its owners;
- (ii) the proposed assignee and its owners have completed HR Franchising's franchise application processes, meet HR Franchising's then-applicable standards for new franchisees, and have been approved by HR Franchising as franchisees;
- (iii) the proposed assignee is not a Competitor;
- (iv) the proposed assignee executes HR Franchising's then-current form of franchise agreement, which form may contain materially different provisions;
- (v) all owners of the proposed assignee provide a guaranty in accordance with Section 2.5;

- (vi) Franchisee has paid all monetary obligations to HR Franchising in full, and Franchisee is not otherwise in default or breach of this Agreement;
- (vii) the proposed assignee and its owners and employees undergo such training as HR Franchising may require;
- (viii) Franchisee, its Owners, and the transferee and its owners execute a general release of HR Franchising in a form satisfactory to HR Franchising; and
- (ix) the Business fully complies with all of HR Franchising's most recent System Standards.

**15.3 Transfer for Convenience of Ownership.** If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to HR Franchising, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by HR Franchising, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

**15.4 Transfer upon Death or Incapacity.** Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the person with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by HR Franchising within nine months after death or incapacity. Such transfer must comply with Section 15.2.

**15.5 HR Franchising's Right of First Refusal.** Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3 or to a spouse, sibling, or child of an Owner), HR Franchising will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to HR Franchising a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of HR Franchising's receipt of such copy, HR Franchising will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that HR Franchising may substitute cash for any other form of payment). If HR Franchising does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

**15.6 No Sublicense.** Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

**15.7 No Lien on Agreement.** Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

## ARTICLE 16. INDEMNITY

**16.1 Indemnity.** Franchisee shall indemnify and defend (with counsel reasonably acceptable to HR Franchising) HR Franchising, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, “Indemnitees”) against all Losses in any Action by or against HR Franchising and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from Actions arising as a result of any Indemnitee’s misconduct or negligence. This indemnity will continue in effect after this Agreement ends.

**16.2 Assumption by HR Franchising.** HR Franchising may elect to assume the defense and/or settlement of any Action subject to this indemnification, at Franchisee’s expense. Such an undertaking shall not diminish Franchisee’s obligation to indemnify the Indemnitees.

## ARTICLE 17. DISPUTE RESOLUTION

### 17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c), any controversy or claim arising out of or relating to this Agreement (including its formation) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where HR Franchising’s headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for HR Franchising to comply with laws and regulations applicable to the sale of franchises.

(e) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, HR Franchising and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

**17.2 Damages.** In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party’s actual damages, except damages authorized by federal statute. In the event of termination of this Agreement prior to the expiration of the term due to Franchisee’s default, HR Franchising’s actual damages will include its lost future income from Royalty Fees and other amounts that Franchisee would have owed to HR Franchising but for the termination.

**17.3 Waiver of Class Actions.** The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

**17.4 Time Limitation.** Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

**17.5 Venue Other Than Arbitration.** For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where HR Franchising's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where HR Franchising's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

**17.6 Legal Costs.** In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

## ARTICLE 18. MISCELLANEOUS

**18.1 Relationship of the Parties.** The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. HR Franchising is not a fiduciary of Franchisee. HR Franchising does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect HR Franchising's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. HR Franchising has no liability for Franchisee's obligations to any third party whatsoever.

**18.2 No Third Party Beneficiaries.** This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, HR Franchising, and HR Franchising's affiliates.

**18.3 Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by HR Franchising in its franchise disclosure document.

**18.4 Modification.** No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit HR Franchising's rights to modify the Manual or System Standards.

**18.5 Consent; Waiver.** No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any

right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

**18.6 Cumulative Remedies.** Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

**18.7 Severability.** The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

**18.8 Governing Law.** The laws of the state of Delaware (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Delaware law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

**18.9 Notices.** Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to HR Franchising, addressed to 20855-10b Ventura Blvd., Woodland Hills, CA 91364. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, HR Franchising may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

**18.10 Joint and Several Liability.** If two or more people sign this Agreement as "Franchisee", each will have joint and several liability.

**18.11 No Offer and Acceptance.** Delivery of a draft of this Agreement to Franchisee by HR Franchising does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and HR Franchising.

## **ARTICLE 19. CERTIFICATION OF FRANCHISOR'S COMPLIANCE**

By signing this Agreement, Franchisee acknowledges that this Agreement contains the entire agreement between HR Franchising and Franchisee concerning the Hummus Republic franchise, which means that any oral or written statements not set out in this Agreement or the Franchise Disclosure Document will not be binding.

*[Signatures on next page]*

Agreed to by:

FRANCHISOR:

HUMMUS REPUBLIC FRANCHISING USA,  
INC.

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

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

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

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

FRANCHISEE:

*[if an individual:]*

\_\_\_\_\_

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

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

*[if an entity:]*

\_\_\_\_\_

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

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

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

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

**Attachment 1 to Franchise Agreement**

**OWNERSHIP INFORMATION**

1. **Form of Ownership.** Franchisee is a (check one):

- \_\_\_\_\_ *Sole Proprietorship*  
\_\_\_\_\_ *Partnership*  
\_\_\_\_\_ *Limited Liability Company*  
\_\_\_\_\_ *Corporation*

State of incorporation / organization / residence: \_\_\_\_\_

2. **Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

3. **Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

**Attachment 2 to Franchise Agreement**

**LOCATION ACCEPTANCE LETTER**

To: \_\_\_\_\_

This Location Acceptance Letter is issued by Hummus Republic Franchising USA, Inc. for your Hummus Republic franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

\_\_\_\_\_

2. The Territory of the Business is:

\_\_\_\_\_

HUMMUS REPUBLIC FRANCHISING USA,  
INC.

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

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

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

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



## Attachment 3 to Franchise Agreement

### GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of Hummus Republic Franchising USA, Inc., a Delaware Corporation (“HR Franchising”).

**Background Statement:** \_\_\_\_\_ (“Franchisee”) desires to enter into a Franchise Agreement with HR Franchising for the franchise of a Hummus Republic business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce HR Franchising to enter into the Franchise Agreement.

Guarantor agrees as follows:

1. **Guaranty.** Guarantor hereby unconditionally guarantees to HR Franchising and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to HR Franchising, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and HR Franchising upon demand from HR Franchising. Guarantor waives (a) acceptance and notice of acceptance by HR Franchising of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that HR Franchising make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. **Confidential Information.** With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by HR Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by HR Franchising, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by HR Franchising or its affiliates (except for Confidential Information which HR Franchising

licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to HR Franchising. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

**3. Covenants Not to Compete.**

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor located within five miles of Franchisee’s Territory or the territory of any other Hummus Republic business operating on the date of termination or transfer, as applicable.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of HR Franchising. Guarantor agrees that the existence of any claim it or Franchisee may have against HR Franchising shall not constitute a defense to the enforcement by HR Franchising of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended for each day of noncompliance.

**4. Employee Recruitment.** During the term of the Franchise Agreement and for one year after termination, transfer, or expiration of the Franchise Agreement, Guarantor shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by HR Franchising or its affiliates.

**5. Modification.** Guarantor agrees that Guarantor’s liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which HR Franchising may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

**6. Governing Law; Dispute Resolution.** This Guaranty shall be governed by and construed in accordance with the laws of the state of Delaware (without giving effect to its principles of conflicts of law). The parties agree that any Delaware law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 6. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

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

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

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

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

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

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

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

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

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

**EXHIBIT C**

**MULTI-UNIT DEVELOPMENT AGREEMENT**

This Multi-Unit Development Agreement (this “MUDA”) is made between Hummus Republic Franchising USA, Inc., a Delaware Corporation (“HR Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”) on the Effective Date.

**Background Statement:** On the same day as they execute this MUDA, HR Franchising and Franchisee have entered into a Franchise Agreement for the franchise of a Hummus Republic business (the “Franchise Agreement”; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). HR Franchising and Franchisee desire that Franchisee develop multiple Hummus Republic businesses.

**1. Multi-Unit Commitment.**

(a) Development Schedule; Fee. Franchisee shall develop and open Hummus Republic businesses on the following schedule:

<b>Store #</b>	<b>Deadline for Opening</b>	<b>Total # of Stores to be Open and Operating On Deadline</b>	<b>Initial Franchise Fee</b>
1		1	\$_____
2		2	\$_____
3		3	\$_____
4		4	\$_____
5		5	\$_____
<b>Total Initial Franchise Fee:</b>			

(b) Payment. Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fee to HR Franchising. The Initial Franchise Fee is fully earned upon payment and is not refundable under any circumstance.

**2. Form of Agreement.** For Store #1, Franchisee and HR Franchising have executed the Franchise Agreement simultaneously with this MUDA. For each additional Hummus Republic franchise, Franchisee shall execute HR Franchising’s then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate a Hummus Republic business, and Franchisee acknowledges that Franchisee may construct, open, and operate each Hummus Republic business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such Hummus Republic business.

3. **Development Area.** Franchisee shall locate each Hummus Republic business it develops under this MUDA within the following area: \_\_\_\_\_ (the “Development Area”). Franchisee acknowledges that it does not have exclusive rights to develop, open or operate Hummus Republic businesses in the Development Area.

4. **Default and Termination.** HR Franchising may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee fails to satisfy the development schedule; or
- (ii) HR Franchising has the right to terminate any franchise agreement between HR Franchising and Franchisee (or any affiliate thereof) due to Franchisee’s default thereunder (whether or not HR Franchising actually terminates such franchise agreement).

5. **Limitation of Liability.** Franchisee’s commitment to develop Hummus Republic businesses is in the nature of an option only. If HR Franchising terminates this MUDA for Franchisee’s default, Franchisee shall not be liable to HR Franchising for lost future revenues or profits from the unopened Hummus Republic businesses. Franchisee may terminate this MUDA at any time.

6. **Conditions.** Franchisee’s right to develop each Hummus Republic franchise after the Store #1 is subject to the following:

- (i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Hummus Republic business, in the reasonable judgment of HR Franchising, and
- (ii) Franchisee must be in full compliance with all brand requirements at its open Hummus Republic businesses, and not in default under any Franchise Agreement or any other agreement with HR Franchising.

7. **Dispute Resolution; Miscellaneous.** The laws of the State of Delaware (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Delaware law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 7. Franchisee shall not Transfer this MUDA without the prior written consent of HR Franchising, and any Transfer without HR Franchising’s prior written consent shall be void. The provisions of Section 15.1 (Transfer By HR Franchising), Article 17 (Dispute Resolution), and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

8. This Agreement and all related agreements executed simultaneously with this Agreement constitute the entire understanding of the parties and supersede any and all prior oral or written agreements between you and us on the matters contained in this Agreement; but nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document that we furnished to you.

Agreed to by:

FRANCHISOR:

HUMMUS REPUBLIC FRANCHISING USA,  
INC.

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

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

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

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

FRANCHISEE:

*[if an individual:]*

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

*[if an entity:]*

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

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

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

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

**EXHIBIT D**

**RIDER TO LEASE AGREEMENT**

Landlord: \_\_\_\_\_ Franchisor: Hummus Republic Franchising  
Notice Address: \_\_\_\_\_ USA, Inc.  
\_\_\_\_\_  
Notice Address: 20855-10b Ventura Blvd.,  
\_\_\_\_\_  
Woodland Hills, CA 91364  
Telephone: \_\_\_\_\_ Telephone: 818-987-9767

Tenant: \_\_\_\_\_

Leased Premises: \_\_\_\_\_

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a Hummus Republic business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity To Cure. Landlord shall provide Franchisor with copies of any written notice of default (“Default”) given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant’s Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Lease Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the Hummus Republic brand.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant’s business.

7. Right to Enter. Upon the expiration or termination the Franchise Agreement or the Lease, or the termination of Tenant’s right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to remove signs and other material bearing Franchisor’s brand name, trademarks, and commercial

symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Lease Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

\_\_\_\_\_

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

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

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

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

TENANT:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

HUMMUS REPUBLIC FRANCHISING USA,  
INC.

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

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

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

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



## EXHIBIT E

### FORM OF GENERAL RELEASE

*[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]*

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of Hummus Republic Franchising USA, Inc., a Delaware Corporation (“HR Franchising”).

**Background Statement:** *[describe circumstances of Release]*

Releasor agrees as follows:

**1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases HR Franchising, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”). This release is subject to State law.

**2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.

**3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.

**4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that HR Franchising reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law or to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Agreed to by:

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

**EXHIBIT F**  
**FINANCIAL STATEMENTS**

**HUMMUS REPUBLIC FRANCHISING USA, INC  
FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

# **HUMMUS REPUBLIC FRANCHISING USA, INC**

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<b>Notes to Financial Statements</b>	<b>Page 6 - 8</b>

# MUHAMMAD ZUBAIRY, CPA PC

Certified Public Accountant

646.327.7013

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Hummus Republic Franchising USA, Inc

### Opinion

We have audited the financial statements of Hummus Republic Franchising USA, Inc, which comprises the balance sheets as of December 31, 2023 and the related statements of operations, and changes in members' equity, and cash flows for the years then ended, 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 Hummus Republic Franchising USA, Inc as of December 31, 2023 and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 Hummus Republic Franchising USA, Inc, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hummus Republic Franchising USA, Inc'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.

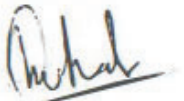
Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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 Hummus Republic Franchising USA, Inc'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 Hummus Republic Franchising USA, Inc'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.



Muhammad Zubairy, CPA  
Westbury, NY  
May 17, 2024

**HUMMUS REPUBLIC FRANCHISING USA, INC**  
**BALANCE SHEETS**

	<u>ASSETS</u>	
	<u>YEARS ENDING DECEMBER 31</u>	
	<u>2023</u>	<u>2022</u>
<b>Current Assets</b>		
Cash	\$ 545,900	\$ 606,307
Accounts receivable	151,507	10,923
Due from related parties	261,575	-
Prepaid expenses	-	537
Contract assets	<u>36,039</u>	<u>20,313</u>
<b>Total Current Assets</b>	<b>995,021</b>	<b>638,080</b>
Fixed Assets, net	93,545	52,127
Security Deposit	1,050	2,351
Contract assets, net of current	288,426	154,788
<b>Total Assets</b>	<b><u>\$ 1,378,042</u></b>	<b><u>\$ 847,346</u></b>
 <b><u>LIABILITIES AND MEMBERS' EQUITY</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 93,655	\$ 79,105
Accrued interest	\$ 83,779	79,756
Customer deposits	-	7,000
Note payable	565,000	565,000
Contract liabilities	<u>264,722</u>	<u>483,080</u>
	<b>1,007,156</b>	<b>1,213,941</b>
SBA loan payable	462,300	462,300
Contract liabilities, net of current	1,939,249	659,181
Members' Equity	(2,030,663)	(1,488,076)
<b>Total Liabilities and Members' Equity</b>	<b><u>\$ 1,378,042</u></b>	<b><u>\$ 847,346</u></b>

See notes to financial statements



**HUMMUS REPUBLIC FRANCHISING USA, INC**  
**STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY**

	<b>YEARS ENDING DECEMBER 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Franchise fees	\$ 256,053	\$ 396,140
Royalties	510,321	317,163
Brand development fees	167,465	95,003
Training and other reimbursed services	82,417	33,156
Other fees	54,952	5,715
	<u>1,071,208</u>	<u>847,177</u>
 <b>Operating Expenses</b>	 <u>1,541,381</u>	 <u>1,144,847</u>
 <b>Income from Operations</b>	 (470,173)	 (297,670)
 <b>Net Income</b>	 (470,173)	 (297,670)
 <b>Members' Equity - Beginning</b>	 (1,488,076)	 (801,948)
 <b>Members' Contribution (Distributions)</b>	 <u>(72,414)</u>	 <u>(388,458)</u>
 <b>Members' Equity - Ending</b>	 <u><u>\$ (2,030,663)</u></u>	 <u><u>\$ (1,488,076)</u></u>

See notes to financial statements

**HUMMUS REPUBLIC FRANCHISING USA, INC**  
**STATEMENTS OF CASH FLOWS**

	<u>YEARS ENDING DECEMBER 31</u>	
	<u>2023</u>	<u>2022</u>
<b>Cash Flow From Operating Activities</b>		
Net income	\$ (470,173)	\$ (297,670)
Depreciation	14,129	27,426
Adjustments to reconcile net income to cash provided by operating activities:		
Changes in assets and liabilities;		
Accounts receivable	(140,584)	199,390
Due from related party	(261,575)	259,036
Prepaid expenses	537	(537)
Security deposits	1,301	(1,050)
Contract assets	(149,364)	(80,214)
Accounts payable and accrued expenses	14,550	42,493
Accrued interest	4,023	28,571
Customer deposits	(7,000)	7,000
Contract liabilities	1,061,710	145,460
	<u>67,554</u>	<u>329,905</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(55,547)	(35,902)
<b>Cash Flows from Financing Activities</b>		
SBA loan payable		100
Members' (Distributions)	(72,414)	(388,458)
	<u>(72,414)</u>	<u>(388,358)</u>
<b>Net Increase in Cash</b>	<b>(60,407)</b>	<b>(94,355)</b>
<b>Cash - Beginning</b>	<b><u>606,307</u></b>	<b><u>700,662</u></b>
<b>Cash - Ending</b>	<b><u>\$ 545,900</u></b>	<b><u>\$ 606,307</u></b>

See notes to financial statements

**HUMMUS REPUBLIC FRANCHISING USA, INC**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. THE COMPANY**

Hummus Republic Franchising USA, Inc (the Company) is an Ohio limited liability company formed in August 2009 to offer franchisees the opportunity to own and operate a Hot Head Burritos® restaurant utilizing the Company created system.

**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 Hot Head Burrito® restaurant for a specified number of years.

**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 is a limited-liability company and has made an election under the Internal Revenue code to be treated as a partnership for income tax purposes and income and expenses of the Company pass through directly to the members' and are reported on their individual income tax returns.

**3. REVENUE RECOGNITION**

The Company records revenue in accordance Accounting Standards Board ("FASB") and Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). 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 obligations are amortized over the life of the related franchise agreements. Commissions paid for franchises are amortized over the life of the franchise agreement. The Company adopted ASC-606 using the modified retrospective adjustment method as of January 1, 2019.

#### **4. CONTRACT ASSETS AND LIABILITIES**

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 December 31, 2023, and 2022 were and \$2,203,971 and \$1,142,261 respectively. The deferred commission expense as of December 31, 2023, and 2022, were \$324,465 and \$175,101, respectively.

#### **5. BRAND DEVELOPMENT FEES**

The Company’s franchise agreement allows or collection of brand development fees, whose proceeds are restricted to brand name and franchise advertising. Any unused funds are carried forward to subsequent periods. Brand development fees collected for the years ending December 2023, and 2022 were \$167,465 and \$95,003, respectively.

#### **6. PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets, which range from 5 to 39 years. Leasehold improvements are amortized over the shorter of the useful life of the related assets or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period.

#### **7. LEASE COMMITMENTS**

The Company entered into a lease agreement for the office space on April 25, 2023. The lease term is for 36 months and the lease commencement date was on August 01, 2023. The monthly base rent is \$4,271 with an annual rent increase based on CPI not exceeding 5% of the annual base rent. The Company is also required to pay its portion of Common Area Operating Expenses. Rent expenses including Common Area Operating Expenses for the year ending December 31, 2023 and 2021 were \$48,667 and \$81,085, respectively.

#### **8. RELATED PARTIES**

The Company from time to time has made advances to a related entity. These advances are due upon demand and do not bear interest. As of December 31, 2023, and 2022, the balance due from a related party was \$261,575 and \$0, respectively.

#### **10. LOAN PAYABLE SBA**

During 2020 the company obtained a note payable of \$150,000, and during 2021 the Company received an additional \$312,300 from the US Small Business Administration (SBA). This note is collateralized by assets of the Company, bearing interest at 3.75% with a term of 30 years. Monthly payments of \$2,333 were schedule to begin in December 2022.

**HUMMUS REPUBLIC FRANCHISING USA, INC**  
**NOTES TO FINANCIAL STATEMENTS**

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10. LOAN PAYABLE SBA (continued)

Principal payments for each of the next five years and thereafter are as follows:

Due in	2024	\$	-
Due in	2025		-
Due in	2026		3,570
Due in	2027		10,981
Due after	2027		447,749
Total Loan Payable SBA		<u>\$</u>	<u>462,300</u>

11. NOTE PAYABLE

The Company obtained a \$565,000 loan from a related third party through a shareholder relationship. This loan is unsecured and has an interest rate of 2.5% per annum. This note is due at December 31, 2024. The balance due as of December 31, 2023 and 2022 was \$565,000

**11. 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 through May 17, 2024, the date the financial statements were available to be issued.

**HUMMUS REPUBLIC FRANCHISING USA, INC.  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 and 2021**

**HUMMUS REPUBLIC FRANCHISING USA, INC.**  
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**BARRY KNEPPER**  
**CERTIFIED PUBLIC ACCOUNTANT**  
33202 SPRUCE POND CIRCLE, PLAINVIEW NY 11803

**INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders' of  
Hummus Republic Franchising USA, Inc.**

**Opinion**

We have audited the financial statements of Hummus Republic Franchising USA, Inc., which comprises the balance sheets as of December 31, 2022, and 2021, the related statements of operations, changes in shareholders' (deficit), and cash flows for the years then ended, 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 Hummus Republic Franchising USA, Inc. as of December 31, 2022, and 2021, and the results of its operations and its cash flows for the for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 Hummus Republic Franchising USA, Inc., 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.

**Emphasis of a Matter**

As discussed in note 8 to the financial statements, the December 31, 2020, opening stockholder's deficit and 2021 financial statements have been restated to correct certain misstatements discovered subsequent to the issuance of the Company's financial statements for the year ended December 31, 2021. Our opinion is not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hummus Republic Franchising USA, Inc.'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 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.

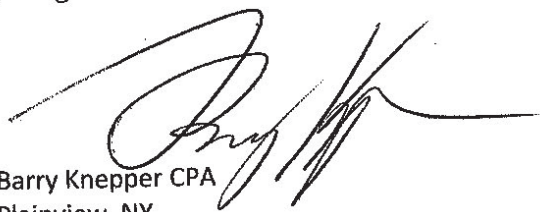
Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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 Hummus Republic Franchising USA, Inc.'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 Hummus Republic Franchising USA, Inc.'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.



Barry Knepper CPA  
Plainview, NY  
April 3, 2023

**HUMMUS REPUBLIC FRANCHISING USA, INC.**  
**BALANCE SHEETS**

	<u>ASSETS</u>	
	<u>DECEMBER 31</u>	
	<u>2022</u>	<u>2021</u>
<b>Current Assets</b>		
Cash	\$ 606,307	\$ 700,662
Accounts receivable	10,923	210,313
Due from related parties	—	259,036
Prepaid expenses	537	—
Contract assets, current	20,313	21,378
Total Current Assets	<u>638,080</u>	<u>1,191,389</u>
Fixed assets, net	52,127	43,651
Security deposits	2,351	1,301
Contract assets, net of current	154,788	73,509
Total Assets	<u>\$ 847,346</u>	<u>\$ 1,309,850</u>

**LIABILITIES AND SHAREHOLDERS' (DEFICIT)**

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 79,105	\$ 36,612
Accrued interest	79,756	51,185
Customer deposits	7,000	—
Note payable	565,000	565,000
Contract liabilities, current	483,080	396,140
Total Current Liabilities	<u>1,213,941</u>	<u>1,048,937</u>
SBA loans payable	462,300	462,200
Contract liabilities, net of current	659,181	600,661
Shareholders' (Deficit)	<u>(1,488,076)</u>	<u>(801,948)</u>
Total Liabilities and Shareholders' (Deficit)	<u>\$ 847,346</u>	<u>\$ 1,309,850</u>

See Notes to financial statements

**HUMMUS REPUBLIC FRANCHISING USA, INC.**  
**STATEMENTS OF OPERATIONS AND SHAREHOLDERS' (DEFICIT)**  
**FOR THE YEARS ENDED DECEMBER 31**

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Royalties	\$ 317,163	\$ 147,429
Franchise fees	396,140	344,762
Brand development fees	95,003	5,021
Training and other reimbursed services	33,156	18,832
Other fees	5,715	5,405
	<u>847,177</u>	<u>521,449</u>
 <b>Operating Expenses</b>	 <u>1,144,847</u>	 <u>611,942</u>
 <b>(Loss) from Operation</b>	 <b>(297,670)</b>	 <b>(90,493)</b>
 <b>Grant revenue - PPP</b>	 <u>—</u>	 <u>33,805</u>
 <b>Net (Loss)</b>	 <b>(297,670)</b>	 <b>(56,688)</b>
 <b>Shareholders' (Deficit) - Beginning</b>	 <b>(801,948)</b>	 <b>(715,404)</b>
 <b>Shareholders' (Distributions)</b>	 <u><b>(388,458)</b></u>	 <u><b>(29,856)</b></u>
 <b>Shareholders' (Deficit) - Ending</b>	 <u><u><b>\$ (1,488,076)</b></u></u>	 <u><u><b>\$ (801,948)</b></u></u>

See Notes to financial statements

**HUMMUS REPUBLIC FRANCHISING USA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31**

	<u>2022</u>	<u>2021</u>
<b>Cash Flow From Operating Activities</b>		
Net (loss)	\$ (297,670)	\$ (56,688)
Depreciation	27,426	8,730
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	199,390	(202,313)
Due from related parties	259,036	189,723
Prepaid expenses	(537)	—
Security deposits	(1,050)	(1,301)
Contract assets	(80,214)	37,815
Accounts payable and accrued expenses	42,493	(51,568)
Accrued interest	28,571	25,729
Customer deposits	7,000	—
Contract liabilities	145,460	199,825
	<u>329,905</u>	<u>149,952</u>
<b>Cash provided (used) In financing activities</b>		
Purchase of fixed assets	(35,902)	(52,381)
PPP loan payable	—	(14,902)
Note payable	—	185,000
SBA loan payable	100	308,300
Shareholders' (distributions)	(388,458)	(29,856)
	<u>(424,260)</u>	<u>396,161</u>
<b>Net increase (decrease) In cash</b>	<b>(94,355)</b>	<b>546,113</b>
<b>Cash - Beginning of Year</b>	<b><u>700,662</u></b>	<b><u>154,549</u></b>
<b>Cash - End of Year</b>	<b><u>\$ 606,307</u></b>	<b><u>\$ 700,662</u></b>

See Notes to financial statements

**HUMMUS REPUBLIC FRANCHISING USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 & 2021**

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**1. THE COMPANY**

Hummus Republic Franchising USA, Inc. is a Delaware company that was formed in February 2018. The Company offers franchisees the opportunity to own and operate a fast-food causal restaurant providing Mediterranean cuisine at an affordable price.

**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 own and operate a Hummus Republic Franchise for a specified number of years.

**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.

**Accounts Receivable**-Accounts receivables are stated at the invoice amount. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2022 and 2021, management elected to have no allowance for doubtful accounts.

**Cash and Cash Equivalents**-For the purpose of the Company's cash flows, the Company's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**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 as of December 31, 2022, exceeded the Federal Deposit Insurance Company's (FDIC) insurance limit of \$250,000 by \$299,805. 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.

**HUMMUS REPUBLIC FRANCHISING USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 & 2021**

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**Taxes on Income**—The Company is a C corporation for tax purposes. We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, we determine deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. We recognize deferred tax assets to the extent that we believe these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence. If we determine that we would be able to realize the deferred tax assets in the future more than their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes. We cannot determine that we will be able to use deferred tax assets that would be the result of losses incurred since the inception of the company and have therefore not recorded such assets to date. The Company's income tax returns are subject to examination by the appropriate tax jurisdictions. As of December 31, 2022, and 2021, the Company's Federal and state tax returns remain open for the last three years.

**3. REVENUE RECOGNITION – FASB ASC 606**

The Company records revenue in accordance Accounting Standards Board ("FASB") and *Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606)*. 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 are amortized over the life of the related franchise agreements. Commission paid for franchises are amortized over the life of the franchise agreement.

The new revenue recognition guidance requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company adopted the requirements of the new revenue recognition guidance as of January 1, 2020, utilizing the modified retrospective transition method applied to contracts that were not completed.

The Company applied the following five step process to recognize revenue:

- Step 1: Identified the contract with a customer.
- Step 2: Identified the performance obligations in the contract.
- Step 3: Determined the transaction price.
- Step 4: Allocated the transaction price to the performance obligations in the contract.
- Step 5: Recognized revenue when (or as) the entity satisfies a performance obligation.

**HUMMUS REPUBLIC FRANCHISING USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 & 2021**

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**4. CONTRACT ASSETS AND LIABILITIES**

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 December 31, 2022, and 2021, were \$1,142,261 and \$996,801, respectively.

In compliance with Topic 606, commissions related to the sale of franchises are deferred at the time of payment and amortized over the life of the franchise sold. At December 31, 2022 and 2021 deferred commission expenses were \$175,101 and \$94,887 respectively.

**5. BRAND DEVELOPMENT FEES**

The Company's franchise agreement allows for collection of brand development fees, whose proceeds are restricted to brand name and franchise advertising. Any unused funds are carried forward to subsequent periods. Brand development fees collected for the years ending December 31, 2022, and 2021 were \$95,003 and \$5,021, respectively. Advertising expenditures for the years ending December 31, 2022, and 2021 were \$74,735 and \$42,485, respectively.

Amounts collected but not spent at year end are not included in revenues and instead show as a Brand development fund liability on the balance sheet. Brand development fees collected but not yet spent as of December 31, 2022, and 2021 were \$0.

**6. LEASEHOLD IMPROVEMENTS**

Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets, which range from 5 to 39 years. Leasehold improvements are amortized over the shorter of the useful life of the related assets or the lease term. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period.

**7. LEASE COMMITMENTS**

During the year ended December 31, 2021, the Company entered into a lease agreement for office space. The lease is for 39-months and is scheduled to expire July 31, 2023. Monthly rent base rent on this is \$4,984.60 and has an annual 3% increase clause on May 1, 2022 and May 1, 2023. The Company is also required to pay its portion of Common Area Operating Expenses. Rent expenses including Common Area Operating Expenses for the years ending December 31, 2022 and 2021 was \$81,085 and \$38,585, respectively. Required minimum lease payments under this agreement are estimated to be \$50,729 due during the seven months ending July 31, 2023.

**HUMMUS REPUBLIC FRANCHISING USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 & 2021**

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**8. PRIOR YEAR ADJUSTMENT**

A restatement of the financial statements for the year ended December 31, 2021, was made to increase fixed assets by \$43,651, to increase contract liability by \$345,632, to increase accrued interest expense by \$79,756 and to decrease the net loss for the year from (\$74,610) to (\$56,688). These changes resulted in a decrease in the shareholder's deficit at December 31, 2021 from (\$801,948) to (\$448,279).

**9. RELATED PARTIES**

The Company from time-to-time advances funds to related entities. As of December 31, 2022, and 2021, the balance due from these related parties were \$0 and \$259,036, respectively. All related entity balances are due upon demand and bear no interest.

**10. LOAN PAYABLE SBA**

During 2020 the company obtained a note payable of \$150,000, and during 2021 the company received an additional \$312,300 from the US Small Business Administration (SBA). This note is collateralized by assets of the Company, bearing interest at 3.75% with a term of 30 years. Monthly payments of \$2,333 were scheduled to begin in December 2022. Principal payments for each of the next five years and thereafter are as follows:

Due in 2023	\$	—
Due in 2024		—
Due in 2025		—
Due in 2026		3,570
Due in 2027		10,981
Due after 2027		<u>447,749</u>
Total Loan Payable SBA	\$	<u>462,300</u>

**11. NOTE PAYABLE**

The Company obtained a \$565,000 loan from an related third party through a shareholder relationship. This loan is unsecured and has an Interest rate of 2.5% per annum. This note is due at December 31, 2024. The balance due as of December 31, 2022, and 2021 was \$565,000.

**12. 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 though April 3, 2023, the time at which the financial statements were available to be issued.



## **UNAUDITED FINANCIAL STATEMENTS**

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

# Hummus Republic Franchising USA Inc

## Balance Sheet

As of March 31, 2024

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Chase Bank 6759	9,314.08
QuickBooks Checking Account	56,620.45
Wells Fargo Checking (9128)	476,896.61
<b>Total Bank Accounts</b>	<b>\$542,831.14</b>
Accounts Receivable	
Accounts Receivable (A/R)	168,778.72
<b>Total Accounts Receivable</b>	<b>\$168,778.72</b>
Other Current Assets	
Accrued Receivables	0.00
Credit Card Receivables	0.00
Deferred Commission Expense - Short Term	36,039.12
Fraudulent Activity	0.00
Loans Receivables	
Cindy Jimenez	0.00
Hummus Republic	
Expenses of Franchise from AMEX Business	0.00
Payments made to AMEX Business	0.00
<b>Total Hummus Republic</b>	<b>0.00</b>
Loan - Hummus 3rd LLC	0.00
Loan - Hummus ES- New Age Healthy Food	199,130.40
Nir Giat	88,370.63
<b>Total Loans Receivables</b>	<b>287,501.03</b>
Prepaid Expense	0.00
Undeposited Funds	16,099.10
<b>Total Other Current Assets</b>	<b>\$339,639.25</b>
<b>Total Current Assets</b>	<b>\$1,051,249.11</b>
Fixed Assets	
Accumulative Depreciation	-36,189.20
Furniture and Fixtures	2,720.00
Leasehold Improvements (New Office Renovation)	141,143.39
<b>Total Fixed Assets</b>	<b>\$107,674.19</b>
Other Assets	
Deferred Commission Expense - Long Term	288,425.92
Payroll Advance	0.00
Security Deposit	1,050.00
<b>Total Other Assets</b>	<b>\$289,475.92</b>
<b>TOTAL ASSETS</b>	<b>\$1,448,399.22</b>

# Hummus Republic Franchising USA Inc

## Balance Sheet

As of March 31, 2024

	TOTAL
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	4,200.00
<b>Total Accounts Payable</b>	<b>\$4,200.00</b>
Credit Cards	
Amex Gold - 2004	63,027.12
Business Platinum Card® (1000) - 9	6,479.87
Chase - Marketing CC 3547	297.00
Citi - 0576	4,022.70
Citi - 2789 (Costco)	2,480.59
<b>Total Credit Cards</b>	<b>\$76,307.28</b>
Other Current Liabilities	
Accrued Liabilities	
Deferred Franchise Fees - Short Term	264,722.46
Interest Payable - Just Limited Loan	64,165.75
Interest Payable - SBA Loan	12,613.56
<b>Total Accrued Liabilities</b>	<b>341,501.77</b>
Customer Deposits	0.00
Direct Deposit Payable	0.00
Loans Payable	
Loan - Justy Limited (Israel)	565,000.00
New Age Real Estate	0.00
Peakaya	141.74
<b>Total Loans Payable</b>	<b>565,141.74</b>
Payroll Liabilities	-428.45
CA PIT / SDI	0.00
CA SUI / ETT	0.00
Federal Taxes (941/944)	0.00
Federal Unemployment (940)	0.00
Payroll Clearing	2,417.78
Payroll Tax Payable	887.59
<b>Total Payroll Liabilities</b>	<b>2,876.92</b>
PPP Loan	0.00
<b>Total Other Current Liabilities</b>	<b>\$909,520.43</b>
<b>Total Current Liabilities</b>	<b>\$990,027.71</b>

# Hummus Republic Franchising USA Inc

## Balance Sheet As of March 31, 2024

	TOTAL
Long-Term Liabilities	
Deferred Franchise Fees - Long Term	2,000,249.18
SBA Grant/Loan	462,300.00
<b>Total Long-Term Liabilities</b>	<b>\$2,462,549.18</b>
<b>Total Liabilities</b>	<b>\$3,452,576.89</b>
Equity	
Contribution - NARE	0.00
Distributions - Nir Giat	-1,461.00
New Age Real Estate - Draw	-317,965.00
Nir personal Expenses	-411.44
Prior Period ASC-606 Adjustments	0.00
Retained Earnings	-1,698,710.02
Net Income	14,369.79
<b>Total Equity</b>	<b>\$ -2,004,177.67</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$1,448,399.22</b>

# Hummus Republic Franchising USA Inc

## Profit and Loss January - March, 2024

	TOTAL
Income	
Billable Expense Income	
Franchisee Marketing Income	43,526.00
Uniforms - Reimburs.	312.00
<b>Total Billable Expense Income</b>	<b>43,838.00</b>
Other Primary Income	
Rebate Income	3,179.98
Shipping Income	16.53
Training, and other franchisee services	31,363.94
<b>Total Other Primary Income</b>	<b>34,560.45</b>
Revenues	
Franchising Fee Income	180,000.00
Royalties Income	132,185.63
<b>Total Revenues</b>	<b>312,185.63</b>
<b>Total Income</b>	<b>\$390,584.08</b>
Cost of Goods Sold	
Franchisee Charges	9,115.35
<b>Total Cost of Goods Sold</b>	<b>\$9,115.35</b>
<b>GROSS PROFIT</b>	<b>\$381,468.73</b>
Expenses	
Advertising & Marketing	
Advertising Management	5,500.00
Facebook Advertising	21,904.02
Lead Generation	7,056.85
Marketing Content	9,100.00
Paid Advertising	992.11
Website Expenses	750.00
<b>Total Advertising &amp; Marketing</b>	<b>45,302.98</b>
Car & Truck	
Auto Insurance	3,245.20
Fuel	1,800.41
Lease payment	5,287.71
Local Transportation	614.67
Registration	1,028.00
Wash and Road Services	89.97
<b>Total Car &amp; Truck</b>	<b>12,065.96</b>
Franchisor Advertising & Marketing	2,545.29

# Hummus Republic Franchising USA Inc

## Profit and Loss January - March, 2024

	TOTAL
General Business Expenses	
Bank Charges & Fees	68.00
Wire transfer fee	90.00
<b>Total Bank Charges &amp; Fees</b>	<b>158.00</b>
Donations	1,044.50
Dues and Subscriptions	6,238.62
Gifts	273.75
Meals & Entertainment	3,378.89
Medical Exp	19.99
Merchant Fees	
QuickBooks Payments Fees	1,539.26
<b>Total Merchant Fees</b>	<b>1,539.26</b>
Parking & Tolls	197.00
<b>Total General Business Expenses</b>	<b>12,850.01</b>
Insurance	5,305.44
Medical Insurance	7,105.17
<b>Total Insurance</b>	<b>12,410.61</b>
Interest Paid	2,479.22
Legal & Professional Services	
Accounting Fees	8,375.00
Consulting Fees	48,107.64
Legal Fees	10,725.85
<b>Total Legal &amp; Professional Services</b>	<b>67,208.49</b>
Office Expense	251.40
Computer, Software and Internet Expense	2,030.91
Office cleaning	1,650.00
Office Supply	7,240.87
<b>Total Office Expense</b>	<b>11,173.18</b>
Outside Services	
Commission	43,400.00
<b>Total Outside Services</b>	<b>43,400.00</b>
Payroll Expenses	
Bonus	0.00
Payroll Processing Fee	1,106.90
Payroll Taxes	12,107.31
Salaries / Wages	131,814.95
<b>Total Payroll Expenses</b>	<b>145,029.16</b>
Reimbursable Expenses	190.00
Rent & Lease	1,623.00
Shipping and Handling	191.72

# Hummus Republic Franchising USA Inc

## Profit and Loss

January - March, 2024

	TOTAL
Taxes & Licenses	
State Taxes - DE	1,065.00
<b>Total Taxes &amp; Licenses</b>	<b>1,065.00</b>
Travel	100.00
Accommodations	2,486.97
Car rentals	391.66
Flights	1,945.35
Transportation	971.02
Travel Insurance	133.03
Travel Meals	396.24
<b>Total Travel</b>	<b>6,424.27</b>
Utilities	365.94
Internet	180.96
Telephone Expenses	2,593.15
<b>Total Utilities</b>	<b>3,140.05</b>
<b>Total Expenses</b>	<b>\$367,098.94</b>
NET OPERATING INCOME	<b>\$14,369.79</b>
NET INCOME	<b>\$14,369.79</b>

**EXHIBIT G**  
**OPERATING MANUAL TABLE OF CONTENTS**



# HUMMUS REPUBLIC

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**EXHIBIT H**  
**FRANCHISEE LISTS AS OF DECEMBER 31, 2023**

**(If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system)**

**Franchised Unit List – Open as of December 31, 2023**

<u>Name</u>	<u>Phone number:</u>	<u>City</u>	<u>State</u>	<u>Address</u>
Anthony	847-962-3357	Scottsdale	AZ	16211 Scottsdale Rd., Suite A5
Chris Mcgougan	510-205-2420	Alameda,	CA	2402 Central Ave
Arbi Zaghian	818-669-8226	Burbank	CA	313 N. San Fernando Rd.
Steve and Chloe Esteban	559-269-5708 310-422-3715	Downtown Fresno	CA	2424 Tulare St.
Harminder Singh	480-207-7134	Fremont	CA	2086 Newpark mall
Steve and Chloe Esteban	559-269-5708 310-422-3715	Fresno	CA	7835 N Palm Ave. B
Sandeep Dhiman	714-823-6491	Garden Grove,	CA	9852 Chapman Ave. Suite F6
Daniel Giminez	786-474-1997	Huntington Beach	CA	7821 Edinger Ave suite 128
Ryan Alipour	951-870-9022	Isla Vista	CA	6546 Pardall Rd
Baljeet Khaira	209-662-9854	Lathrop,	CA	16201 South Harlan Road,
Roop Gill	650-336-3534	Livermore	CA	3032 W Jack London Blvd
Joel Gonzales	310-505-6676	Valencia	CA	28108 Newhall Ranch Rd.
Michael Lozovsky	818-926-2170	Ventura,	CA	4960 Telephone Road unit 105,
Eddie Franco	559-799-9429	Visalia	CA	4235 S. Mooney Blvd.
Emile Bahdi	720-231-1098	Louisville,	CO	1298 Graham Cir. Erie, Colorado
Mureed Sultan	912-614-9700	Waycross	GA	207 Plantation Dr.
Hemant Patel and Deepika Singh	317-366-4591	Indianapolis	IN	5650 West 86th Street,
Yash Patel and Raj Patel	815-386-3074	Jacksonville	NC	3040 Western Boulevard, Suite 200,
Shiv Pandya	551-208-4345	Jersey City	NJ	2 Journal Square Plaza Garage, Journal Square Plaza
Mike Rozen	646-406-2005	Long Branch	NJ	84 Ocean Ave.
Prashant Patel	469-766-0039	Morristown	NJ	66 South Street

<u>Name</u>	<u>Phone number:</u>	<u>City</u>	<u>State</u>	<u>Address</u>
Mihir Shah and Heali Mehta	201-936-7869	North Brunswick	NJ	758 Shoppes Blvd #11
Alain Rahme	203-615-2725	Paramus,	NJ	689 Seagull Driuve
Prashant Patel	469-766-0039	Flower Mound	TX	201 Justin Road, Suite 14
Pushek Madan	425-835-1812	Bellevue	WA	11022 NE 8th St

### Franchise Agreements Signed, Units not Open

<u>Name</u>	<u>Phone Number</u>	<u>City</u>	<u>State</u>	<u>Address</u>	<u>Status</u>
Mohammed Awawda Palestine	305-767-9282	Goodyear	AZ	Arizona, USA	Location Hunt
Jennifer and Brock Clayton (additional 5)	480-248-0426	Peoria	AZ	Arizona, USA	Location Hunt
Jennifer and Brock Clayton	480-248-0426	Surprise	AZ	13864 W Bell Rd Ste 100 ,	Construction
Tumeet Kalra	714-709-5954	Elk Grove	CA	4810 Elk Grove Boulevard, Suite 120,	Location Hunt
Cesar Ortega	626-203-2051	Rancho	CA		Location Hunt
Daniel Lee & Jacob Hornaday	213-268-5232	Redding	CA	913 Dana Dr. Suite 3E	Location Hunt
Jad Alattar	847-867-9749	Stockton	CA	Marina Center- 3201 W Benjamin Holt Dr	Construction
Mohammed Zubair	925-394-8395	Tracy	CA	Tracy	Location Hunt
Herman Virk (Second Location)	209-678-7231	Turlock	CA	Warrior Crossing- 1207 W. Monte Vista Ave	Location Hunt
Mohannad Samad	813-895-9339		FL		Location Hunt
Manishkumar and Maunikabehen Patel	256-529-8836	Bradenton	FL		Location Hunt
Alain Capucci and Jason	239-220-8156	Fort Myers	FL	10093 Gulf Center Dr. Suite 102	Construction

<u>Name</u>	<u>Phone Number</u>	<u>City</u>	<u>State</u>	<u>Address</u>	<u>Status</u>
Gadah Aziz and Ahmed Besharat	910-605-3887	Orlando	FL		Construction
Pratik and Siddhi Patel	606-471-4710	Riverview	FL		Location Hunt
Yousef Khalid	18136070842	Tampa	FL		Construction
Riyad Malkeya	727-510-1506	Westly Chapel	FL		Construction
Rick and Adeline Sinordo	954-937-3116	Atlanta	GA		Location Hunt
Mohammad Abdullah and Sadia Hasnain	203-344-8408	Lawrenceville	GA	1942 Atkinson Road Northwest	Construction
Mohamad Ayman Alabsa	770-842-4269	Loganville	GA	4743 Atlanta Highway Ste 120,	Construction
Jigna and Kulwinder Shah	317-989-1581	Avon	IN	114 North Avon Avenue,	Construction
Arfak and Jared UdDowlah	260-442-8855	Fort Wayne	IN		Construction
Dhaval Patel, Divam Arvindbhai Patel, Garvit Dileshbhai Patel and Suresh Kumar	801-792-7047	Zionsville	IN		Location Hunt
Nick Mikhael	810-459-3368	Shelby Township	MI	12153 23 Mile Road	Construction
Andrew Bradley	785-418-4643	Lawrence	MO	2000 West 31st Street,	Construction
Harkirat Bhangu and Jai Khokhal	925-464-3822	Greensboro	NC		Location Hunt
Dhyan, Mehul, Nita(samir)	601-480-5664	Greensboro	NC		Location Hunt
Roosevelt Victor Segarra	201-960-8910	Fort Lee	NJ		Location Hunt
Shiv Pandya (second, third and fourth)	551-208-4345	Jersey City	NJ		Location Hunt
Kalyan Panda	972-655-8960	Metuchen	NJ		Location Hunt

<u>Name</u>	<u>Phone Number</u>	<u>City</u>	<u>State</u>	<u>Address</u>	<u>Status</u>
Meet and Jigarkumar Patel	973-216-4754	Morristown	NJ		Construction
Meet, Jigar, Khusbhu, Yashkumar Patel	973-216-4754	Somerville	NJ		Location Hunt
Shilpa Sachdeva	646-476-1254	South Plainfield	NJ		Construction
Mihir and Sahil	201-936-7869	Westfield	NJ	102 East Broad Street,	Construction
Anisha Mody and Kalpana Mody	702-816-6395	Las Vegas	NV	2546 West Craig Road Ste 4 120	Construction
Slah Yehya	347-579-7434	New York	NY		Location Hunt
Umnag and Namrata Desai	440-654-6345	Cleveland	OH		Construction
Chintan and Sahil Parmar	614-707-2868	Lewis Center	OH		Location Hunt
Aditya and Saurabh Pankajkumar Patel	513-448-8509	West Chester	OH		Construction
Pratik and Jay Patel	216-575-4499	Knoxville	TN		Location Hunt
Nilesh and Falguni Gangar	502-657-9667	Memphis	TN		Location Hunt
Omoshalewa (Lewa) Owolabi	469-684-1977	Austin	TX		Location Hunt
Curtis	559-569-8397	Dallas	TX		Location Hunt
Karim Sunny	972-876-2355	Frisco	TX	3311 Preston Rd Suite 7	Construction
Salman Rafique	646-339-7414	Houston	TX	1635 Eldridge Parkway,	Construction
Jinten and Mansukh Chudasama	504-327-9037	Houston	TX		Location Hunt
Jay Parekh, Kiran Rajaya, Gabriel Balonwu	678-914-5452	Houston	TX		Location Hunt
Binod	214-773-9388	Preston Hollow	TX		Location Hunt

<u>Name</u>	<u>Phone Number</u>	<u>City</u>	<u>State</u>	<u>Address</u>	<u>Status</u>
David Martin	254-760-5058	Salado	TX		Location Hunt
Sandip Patel and Bhavik	201-290-2193	San Antonio	TX		Location Hunt
Kusum Paul	925-872-9940	Sienna Plant	TX		Location Hunt
Sreenath Gurrapu	903-408-0010	Ashburn	VA		Location Hunt

† There are no Area Developers who signed MUDAs.

**Franchisees that have had their Franchise Agreements terminated, canceled or not renewed by us or who otherwise voluntarily or involuntarily ceased to do business under its agreement with us.**

None

**Franchisees who have not communicated with us within ten weeks before the issuance date of this disclosure document.**

**None.**

**EXHIBIT I**

**STATE ADDENDA TO DISCLOSURE DOCUMENT**



## CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department Of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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 FRANCHISE DISCLOSURE DOCUMENT FOURTEEN (14) DAYS PRIOR TO SIGNING ANY AGREEMENTS.

OUR WEBSITE, [WWW.THEHUMMUSREPUBLIC.COM](http://WWW.THEHUMMUSREPUBLIC.COM), 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).

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker 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 such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 5 of the Disclosure Document:

The California Department of Financial Protection and Innovation (“Department”) has required us to maintain financial assurances. We have posted a surety bond in the amount of \$720,000 for franchise sales in California. A copy of the bond is on file with the Department.

3. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

4. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person

acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision 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 Franchise Agreement requires binding arbitration. The arbitration will occur in Woodland Hills, California, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

## ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Illinois only, this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

The following is added to Item 5 of the Franchise Disclosure Document:

Due to our financial condition, the Illinois Attorney General's Office has required us to maintain financial assurances. We have posted a surety bond in the amount of \$36,000 for franchise sales in Illinois. A copy of the bond is on file with the Illinois Attorney General's Office.

The following is added to Item 22 of the Franchise Disclosure Document:

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 any other term of any document executed in connection with the franchise.

## MICHIGAN ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Michigan only, this Disclosure Document is amended as follows:

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor 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 Department of Attorney General  
G. Mennen Williams Building, 7th Floor  
525 W. Ottawa Street  
Lansing, Michigan 48909  
Telephone Number: (517) 373-7117

## MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to the end of Item 5:

Based upon on our financial condition, the State of Maryland, Office of the Attorney General, Securities Division, (the “Securities Division”), requires us to maintain financial assurances. We have posted a surety bond in the amount of \$81,000 for franchise sales in Maryland. A copy of the bond is on file with the Securities Division.

The following is added to Item 11:

Fees related to advertising are to be raised and spent as follows: \_\_\_\_\_ . You may obtain an accounting of advertising expenditures by the Brand Development Fund by making a written request to us.

The following is added to Item 15:

Your spouse is not required to sign a separate personal guaranty, non-competition agreement, or confidentiality agreement. However, it would be a breach of the franchise agreement if your spouse directly or indirectly has any ownership interest in, or is engaged or employed by, any competitor.

The following is added to Item 17:

Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

You are not required to assent to a period of limitations for causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland, other than the period of limitations set forth in that statute. You must bring an action under such law within three years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

The following is added to Item 22:

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, franchisee

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.

## MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Based upon our financial condition, the Minnesota Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments shall be deferred until your Hummus Republic Business is open.
- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) 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 (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**



**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

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 any other term of any document executed in connection with the franchise.

## NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR 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 THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 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 FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending

action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of 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 of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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.

9. The following is added to the end of Item 19:

**REPRESENTATIONS REGARDING EARNINGS CAPABILITY**

HUMMUS REPUBLIC FRANCHISING USA, INC. DOES NOT FURNISH OR AUTHORIZE ITS SALESPERSONS TO FURNISH ANY ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF A FRANCHISE. ACTUAL RESULTS VARY FROM UNIT TO UNIT AND HUMMUS REPUBLIC FRANCHISING USA, INC. CANNOT ESTIMATE THE EARNINGS OF ANY PARTICULAR FRANCHISE.

## VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following Risk Factor is added to the Disclosure Document:

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$133,350 to \$487,250. This amount exceeds the franchisor's stockholder's equity as of December 31, 2020, which is \$(26,557).

The following statement is added to Item 5:

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.

The following statements are added to Item 17(h):

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do 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.

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

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

## WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

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

All initial franchise fees shall be deposited into an escrow account meeting the conditions of WAC 460-80-400 through -450. The funds in the escrow account may not be released except upon written authorization of the Administrator.

**EXHIBIT J**

**STATE ADDENDA TO FRANCHISE AGREEMENT**

## ILLINOIS RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Hummus Republic Franchising USA, Inc., a Delaware Corporation (“HR Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.

2. **Financial Assurances.** Due to HR Franchising’s financial condition, the Illinois Attorney General’s Office has required HR Franchising to maintain financial assurances. HR Franchising has posted a surety bond in the amount of \$36,000 for franchise sales in Illinois. A copy of the bond is on file with the Illinois Attorney General’s Office.

3. **Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

4. **Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

5. **Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a 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.

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

6. **Effective Date.** This Rider is effective as of the Effective Date.

*[Signatures on following page]*



Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

HUMMUS REPUBLIC FRANCHISING USA, INC.

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

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

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

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

## INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Hummus Republic Franchising USA, Inc., a Delaware Corporation (“HR Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. **Certain Provisions Deleted.** To the extent required for the Agreement to be in compliance with the Indiana Acts, any provision of the Agreement which would have any of the following effects is hereby deleted:

- (1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.
- (2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.
- (3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.
- (4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.
- (5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

HUMMUS REPUBLIC FRANCHISING USA, INC.

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

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

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

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

## MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Hummus Republic Franchising USA, Inc., a Delaware Corporation (“HR Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

**2. Financial Assurances.** The following is added to the end of Section 4.1. of the Agreement:

Due to HR Franchising’s financial condition, the State of Maryland has required HR Franchising to maintain financial assurances. HR Franchising has posted a surety bond in the amount of \$81,000 for franchise sales in Maryland. A copy of the bond is on file with the State of Maryland Office of the Attorney General.

**3. No Waiver of State Law In Sale.** Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, HR Franchising shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve HR Franchising or any other person from liability under the Maryland Franchise Law.

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. No Release of Liability.** Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

**5. Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

**6. Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

7. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

HUMMUS REPUBLIC FRANCHISING  
USA, INC.

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

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

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

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

## MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Hummus Republic Franchising USA, Inc., a Delaware Corporation (“HR Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. **Initial Franchise Fee.** The following paragraph is added at the end of Section 4.1.:

Notwithstanding the foregoing, in the State of Minnesota, we will defer the payment of all initial fees and payments owed by Franchisee until the Franchised Business is open for business.

3. **Amendments.** The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) 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 (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

4. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

HUMMUS REPUBLIC FRANCHISING  
USA, INC.

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

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

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

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

**NEW YORK RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Hummus Republic Franchising USA, Inc., a Delaware Corporation (“HR Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve HR Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33.

**3 Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by HR Franchising with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

**4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

**5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

HUMMUS REPUBLIC FRANCHISING  
USA, INC.

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

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

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

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



## NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Hummus Republic Franchising USA, Inc., a Delaware Corporation (“HR Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. **Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) **Restrictive Covenants:** Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind subject to NDCC Section 9-08-06.
- (2) **Situs of Arbitration Proceedings:** Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) **Restrictions on Forum:** Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) **Liquidated Damages and Termination Penalties:** Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) **Applicable Laws:** The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) **Waiver of Trial by Jury:** Franchisee and any Guarantor do not waive a trial by jury.
- (7) **Waiver of Exemplary & Punitive Damages:** Franchisee does not waive of exemplary and punitive damages.
- (8) **General Release:** Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) **Limitation of Claims:** Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) **Enforcement of Agreement:** The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

3. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

HUMMUS REPUBLIC FRANCHISING  
USA, INC.

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

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

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

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

**VIRGINIA RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Hummus Republic Franchising USA, Inc., a Delaware Corporation (“HR Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Fees.** 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.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

HUMMUS REPUBLIC FRANCHISING  
USA, INC.

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

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

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

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

## **WASHINGTON FRANCHISE AGREEMENT ADDENDUM AND ADDENDUM TO RELATED AGREEMENTS**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

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

Pursuant to RCW 19.100.050 and WAC 460-80-400 through -450, the Securities Division of the Department of Financial Institutions requires, as a condition to the registration of this franchise offering, the impoundment of franchise fees. The franchisor has established an impound account at TMI Trust Company.

Article 6.1(iii) is deleted in its entirety.

The undersigned does hereby acknowledge receipt of this addendum.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

HUMMUS REPUBLIC FRANCHISING  
USA, INC.

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

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

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

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

**This addendum may also be used as a rider to the Franchise Disclosure Document.**

**EXHIBIT K**

**STATE ADDENDA TO MULTI-UNIT DEVELOPMENT AGREEMENT**

**CALIFORNIA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Hummus Republic Franchising USA, Inc., a Delaware Corporation (“HR Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Amendment to Section 1.** The Agreement is amended by the addition of the following to the end of Section 1:

The California Department of Financial Protection and Innovation (“Department”) has required HR Franchising to maintain financial assurances. HR Franchising has posted a surety bond in the amount of \$720,000 for franchise sales in California. A copy of the bond is on file with the Department.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

FRANCHISOR:

\_\_\_\_\_

HUMMUS REPUBLIC FRANCHISING  
USA, INC.

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

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

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

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

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

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

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

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

## ILLINOIS RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Hummus Republic Franchising USA, Inc., a Delaware Corporation (“HR Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.
2. **Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.
3. **Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.
4. **Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a 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.

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

5. **Effective Date.** This Rider is effective as of the Effective Date.

*[Signatures on following page]*



Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

HUMMUS REPUBLIC FRANCHISING  
USA, INC.

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

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

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

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

## INDIANA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Hummus Republic Franchising USA, Inc., a Delaware Corporation (“HR Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. **Certain Provisions Deleted.** To the extent required for the Agreement to be in compliance with the Indiana Acts, any provision of the Agreement which would have any of the following effects is hereby deleted:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

HUMMUS REPUBLIC FRANCHISING  
USA, INC.

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

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

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

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

## MARYLAND RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Hummus Republic Franchising USA, Inc., a Delaware Corporation (“HR Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

2. **Financial Assurances.** The following is added to the end of Section 1.1(b). of the Agreement:

Due to HR Franchising’s financial condition, the State of Maryland has required HR Franchising to maintain financial assurances. HR Franchising has posted a surety bond in the amount of \$81,000 for franchise sales in Maryland. A copy of the bond is on file with the State of Maryland Office of the Attorney General.

3. **No Waiver of State Law In Sale.** Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, HR Franchising shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve HR Franchising or any other person from liability under the Maryland Franchise Law.

4. **No Release of Liability.** Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. **Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

6. **Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

7. **Effective Date.** This Rider is effective as of the Effective Date.

*[Signatures on following page]*

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

HUMMUS REPUBLIC FRANCHISING  
USA, INC.

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

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

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

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

## MINNESOTA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Hummus Republic Franchising USA, Inc., a Delaware Corporation (“HR Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. **Fees.** Notwithstanding the foregoing, in the State of Minnesota, we will defer payment of the development fee owed by franchisee to the franchisor until the first Franchised Business required to be developed under the Agreement opens.

3. **Amendments.** The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) 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 (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

4. **Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

HUMMUS REPUBLIC FRANCHISING  
USA, INC.

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

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

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

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

**NEW YORK RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Hummus Republic Franchising USA, Inc., a Delaware Corporation (“HR Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve HR Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33.

**3 Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by HR Franchising with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

**4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

**5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

FRANCHISOR:

\_\_\_\_\_

HUMMUS REPUBLIC FRANCHISING  
USA, INC.

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

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

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

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

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

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

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

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



**VIRGINIA RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Multi-Unit Development Agreement dated \_\_\_\_\_ (the "Agreement"), between Hummus Republic Franchising USA, Inc., a Delaware Corporation ("HR Franchising") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Fees.** The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the first Hummus Republic business required to be developed under the Agreement opens.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

HUMMUS REPUBLIC FRANCHISING  
USA, INC.

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

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

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

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

## WASHINGTON RIDER TO MULTI-UNIT DEVELOPMENT AGREEMENT

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

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

All initial franchise fees shall be deposited into an escrow account meeting the conditions of WAC 460-80-400 through -450. The funds in the escrow account may not be released except upon written authorization of the Administrator.

The undersigned does hereby acknowledge receipt of this addendum.

Agreed to by:

FRANCHISEE:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

HUMMUS REPUBLIC FRANCHISING  
USA, INC.

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

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

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

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

## 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:

State	Effective Date
California	[pending]
Illinois	[pending]
Indiana	[pending]
Maryland	[pending]
Michigan	[pending]
Minnesota	[pending]
New York	[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

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 Hummus Republic Franchising USA, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Iowa requires that Hummus Republic Franchising USA, Inc. gives you this disclosure document at the earlier of the first personal meeting or 14 calendar days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Michigan requires that Hummus Republic Franchising USA, Inc. gives 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 Hummus Republic Franchising USA, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

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

Name	Principal Business Address	Telephone Number
Mr. Michael Lozovsky	20855-10b Ventura Blvd. Woodland Hills, CA 91364	818-987-9767

Issuance Date: May 21, 2024

I received a disclosure document dated May 21, 2024 that included the following Exhibits:

- |  |  |
|--|--|
| A. State Administrators and Agents for Service of Process        | F. Financial Statements                              |
| B. Franchise Agreement (with Guaranty and Non-Compete Agreement) | G. Operating Manual Table of Contents                |
| C. Multi-Unit Development Agreement                              | H. Current and Former Franchisees                    |
| D. Rider to Lease Agreement                                      | I. State Addenda to Disclosure Document              |
| E. Form of General Release                                       | J. State Addenda to Franchise Agreement              |
|  | K. State Addenda to Multi-Unit Development Agreement |

Signature: \_\_\_\_\_

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

Date Received: \_\_\_\_\_

**Keep This Copy For Your Records**

## RECEIPT

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

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|  | K. State Addenda to Multi-Unit Development Agreement |

Signature: \_\_\_\_\_

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

Date Received: \_\_\_\_\_

**Return this copy to us.**  
**Hummus Republic Franchising USA, Inc.**  
**20855-10b Ventura Blvd., Woodland Hills, CA 91364**